

**CITY OF RANCHO PALOS VERDES,
CALIFORNIA**

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

For the Year Ended June 30, 2002

Note: Scroll down to the Table of Contents (page 3 of 118) and select a link to the page you would like to view.

Prepared By:

Finance Department

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INTRODUCTORY SECTION

Note: Scroll down to the Table of Contents (page 3 of 118) and select a link to the page you would like to view.

CITY OF RANCHO PALOS VERDES
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2002
TABLE OF CONTENTS

INTRODUCTORY SECTION:

Table of Contents	i-iii
Letter of Transmittal	iv-x
Directory of City Officials	xi
Organization Chart	xii
GFOA Certificate of Achievement for Excellence in Financial Reporting	xiii
CSMFO Certificate of Award for Outstanding Financial Reporting	xiv

FINANCIAL SECTION:

Independent Auditor's Report	1
Management Discussion and Analysis	3
Government-Wide Financial Statements	
Statement of Net Assets	12
Statement of Activities	13
Fund Financial Statements	
Governmental Funds	
Balance Sheet	14
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	16
Statement of Revenues, Expenditures, and Changes in Fund Balances	17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	19
General Fund	
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	20
Street Maintenance Special Revenue Fund	
Statement of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual	21
Measure A Fund	
Statement of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual	22
Proprietary Funds	
Statement of Net Assets	23
Statement of Revenues, Expenses, and Changes in Fund Net Assets	24
Statement of Cash Flows	25

CITY OF RANCHO PALOS VERDES
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2002
TABLE OF CONTENTS (Continued)

Notes to the Financial Statements	26
Supplementary Schedules	
Major Fund Budgetary Comparison Schedules	
Schedule of Revenues, Expenditures, and Changes in Fund Balances	
- Budget and Actual	
Capital Improvement Projects Capital Projects Fund	50
RDA Debt Service Fund	51
Non-Major Governmental Funds	
Combining Balance Sheet	54
Combining Statement of Revenues, Expenditures, and Changes	
in Fund Balances	60
Schedule of Revenues, Expenditures, and Changes in Fund Balances	
- Budget and Actual – Special Revenue Funds	
Air Quality Management Fund	66
Community Development Block Grant Fund	67
El Prado Fund	68
RDA Housing Set-Aside Fund	69
Proposition A Fund	70
Proposition C Fund	71
Recycling Fund	72
Solid Waste Fund	73
LLESS/COPS/CLEEP Fund	74
1972 Act Fund	75
1911 Act Fund	76
JPIA – Portuguese Bend Fund	77
Habitat Restoration Fund	78
Subregion One Maintenance Fund	79
Abalone Cove Sewer Assessment District	80
Schedule of Revenues, Expenditures, and Changes in Fund Balances	
- Budget and Actual – Capital Projects Funds	
Bikeways Fund	81
RDA Abalone Cove Fund	82
Environmental Excise Tax Fund	83
Quimby Fund	84
Affordable Housing Fund	85
RDA Portuguese Bend Fund	86
Utility Undergrounding Fund	87
Roadway Beautification Fund	88
Schedule of Revenues, Expenditures, and Changes in Fund Balance	
- Budget and Actual – Permanent Fund	
Joint Powers Improvement Authority – Abalone Cove Fund	89

CITY OF RANCHO PALOS VERDES
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2002
TABLE OF CONTENTS (Continued)

Internal Service Funds

Combining Statement of Net Assets	91
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets	92
Combining Statement of Cash Flows	93

STATISTICAL SECTION (Unaudited)

General Governmental Expenditures by Function – Last Ten Fiscal Years	94
General Governmental Revenues by Source – Last Ten Fiscal Years	95
Property Tax Levies and Collections – Last Ten Fiscal Years	96
Assessed Value of Taxable Property – Last Ten Fiscal Years	97
Property Tax Rates – All Overlapping Governments – Last Ten Fiscal Years	98
Principal Taxpayers	99
Special Assessment Billings and Collections – Last Ten Fiscal Years	100
Computation of Legal Debt Margin	101
Statement of Direct and Overlapping Debt	102
Demographic Statistics – Last Ten Fiscal Years	103
Demographic Statistics – 2000 Census Data	104
Building Permits and Property Value – Last Ten Fiscal Years	105
Miscellaneous Statistics	106

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members of City Council
The City of Rancho Palos Verdes, California

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Rancho Palos Verdes, as of and for the year ended June 30, 2002, which collectively comprise the City of Rancho Palos Verdes's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Rancho Palos Verdes's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Rancho Palos Verdes, California, as of June 30, 2002, and the respective changes in financial positions and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 13, 2002, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

As discussed in the Notes to the basic financial statements, the accompanying financial statements reflect certain changes required as a result of the implementation of Governmental Accounting Standards Board (GASB) Statements No. 34 and 38 for the year ended June 30, 2002. This results in a change to the format and content of the basic financial statements.

The required supplementary information, such as management's discussion is not a required part of the basic financial statements, but is supplementary information required by the GASB. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other supplementary information listed in the table of contents, including combining schedules and additional budgetary comparison schedules, are presented for purposes of additional analysis and are not a required part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Vannik, Treni, Day & Co., LLP

Rancho Cucamonga, California
September 13, 2002

[Return to Menu](#)

CITY OF RANCHO PALOS VERDES

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2002

As management of the City of Rancho Palos Verdes, we offer readers of the City of Rancho Palos Verde's financial statements this narrative overview and analysis of the financial activities of the City of Rancho Palos Verdes for the fiscal year ended June 30, 2002. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages iv-x of this report. Because this is the first year of implementation of GASB Statement No. 34, comparative information is not presented in this discussion and analysis.

Financial Highlights

- The assets of the City of Rancho Palos Verdes exceed its liabilities, at the close of the fiscal year ended June 30, 2002, by \$117,628,598 (*net assets*). Of this amount, \$13,666,005 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$5,902,250. This increase is attributable to several factors including the difference in accounting for capital assets within governmental funds versus the statement of activities, and the need for additional capital improvements.
- As of June 30, 2002, the City's governmental funds reported combined ending fund balances of \$20,112,257, a decrease of \$3,600,021 in comparison with the prior year. The decrease in combined ending fund balances is primarily attributable to continued spending on capital projects, including San Ramon drainage improvements and the Abalone Cove Sewer System. Approximately \$1,592,001 (*unreserved fund balance*) is available for spending at the government's discretion.
- As of June 30, 2002, unreserved fund balance for the General fund was \$7,233,654 or 76 percent of total General fund expenditures.
- The City's total debt increased by \$28,385 (0.5 percent) during the current fiscal year. The total increase was entirely attributable to an increase in the accumulation of employee compensated absences.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Rancho Palos Verdes is improving or deteriorating.

CITY OF RANCHO PALOS VERDES

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2002

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, planning, building and safety, and recreation. The City does not have business-type activities.

The government-wide financial statements include not only the City of Rancho Palos Verdes itself (known as the *primary government*), but also a legally separate Redevelopment Agency and a legally separate Improvement Authority for which the City of Rancho Palos Verdes is financially accountable. Financial information for these *component units* has been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 12-13 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Rancho Palos Verdes, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Rancho Palos Verdes maintains 29 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General fund, the Street Maintenance fund, the Measure A fund, the Capital Improvements fund and the RDA Debt-Service fund, all of which are considered to be major funds. Data from the other 24 governmental funds are combined into a single, aggregated presentation.

CITY OF RANCHO PALOS VERDES

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2002

Individual fund data for each of these *non-major* governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City of Rancho Palos Verdes adopts an annual appropriated budget for each of its governmental funds. A budgetary comparison statement has been provided for each governmental fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 14-25 of this report.

Proprietary funds. The City of Rancho Palos Verdes maintains one type of *proprietary fund*. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its fleet of vehicles, computer systems, other furniture and equipment, employee benefits, and Civic Center building improvements. Because these services predominantly benefit the governmental function, they have been included within governmental activities in the government-wide financial statements.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. All three internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26-48 of this report.

Other information. The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 49-93 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Rancho Palos Verdes, assets exceeded liabilities by \$117,628,598 at June 30, 2002. By far the largest portion of the City's net assets (79 percent) reflects its investment in capital assets (e.g. land, infrastructure, buildings, equipment). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

CITY OF RANCHO PALOS VERDES

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2002**

City of Rancho Palos Verdes Net Assets

	Governmental Activities June 30, 2002
Current and other assets	\$ 32,700,457
Capital assets	93,636,014
Total Assets	126,336,471
Long-term liabilities outstanding	5,617,750
Other liabilities	3,090,123
Total Liabilities	8,707,873
Invested in capital assets	93,636,014
Restricted	10,326,579
Unrestricted	13,666,005
Total Net Assets	\$117,628,598

An additional portion of the City's net assets (\$10,326,579 or 9 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$13,666,005 or 12 percent) may be used to meet the government's ongoing obligations to citizens and creditors.

Governmental activities. Governmental activities increased the City's net assets by \$5,902,250, thereby accounting for 100 percent of the total growth in the net assets of the City.

City of Rancho Palos Verdes Changes in Net Assets

	Governmental Activities June 30, 2002
Program Revenues:	
Charges for services	\$ 1,657,580
Operating contributions and grants	6,876,566
Capital contributions and grants	705,945
General Revenues:	
Property taxes	5,252,509
Other taxes	6,786,581
Other	748,788
Total Revenues	22,027,969

CITY OF RANCHO PALOS VERDES

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2002**

City of Rancho Palos Verdes Changes in Net Assets, Continued

	Governmental Activities June 30, 2002
Expenses:	
General government	\$ 3,068,413
Public safety	2,898,265
Public works	7,283,411
Parks and recreation	686,583
Planning, building and code enforcement	1,916,297
Interest on long-term debt	272,750
Total Expenses	16,125,719
Increase in Net Assets	5,902,250
Net Assets - July 1, 2001	111,726,348
Net Assets - June 30, 2002	\$117,628,598

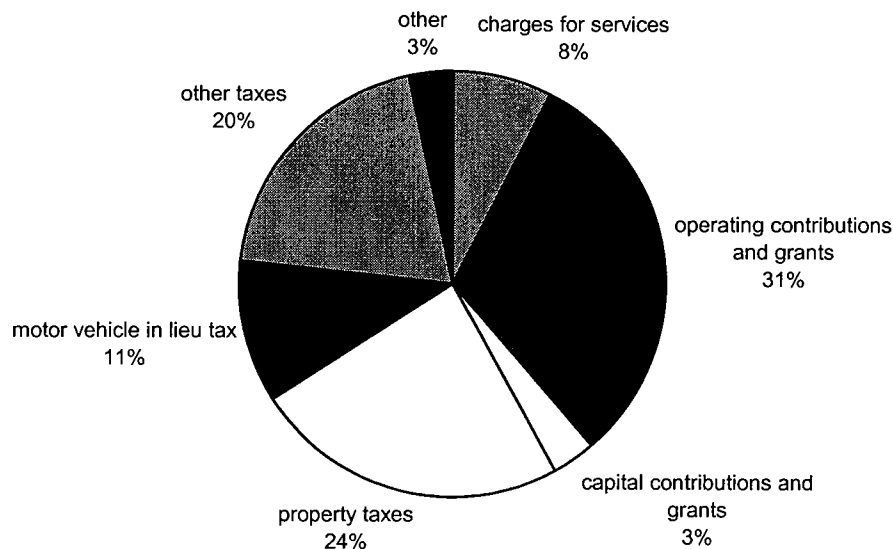
Key elements of this increase are as follows:

- The difference in the method of accounting for capital assets in the governmental funds versus the statement of activities accounts for an increase in excess of \$8.2 million in net assets. Governmental funds fully expend capital asset costs in the period they are acquired. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives.
- General and Capital Improvements fund balances were depleted for additional necessary capital improvements, including additional San Ramon drainage improvements (\$1.4 million) and other miscellaneous improvement projects (\$0.5 million).
- General fund balance was depleted for additional necessary legal expenses due to increased litigation (\$0.5 million).

CITY OF RANCHO PALOS VERDES

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2002

Revenues by Source – Governmental Activities



As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$20,112,257, a decrease of \$3,600,021 in comparison with the prior year. Approximately 8 percent of the combined ending fund balances (\$1,592,001) constitutes unreserved fund balance, which is available for spending at the City's discretion. The remainder of the combined ending fund balances is reserved to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period (\$9,325,753), 2) to reserve the principal balance of loans made to the City's Redevelopment Agency (\$5,865,552), and 3) for a variety of other restricted purposes (\$3,328,951).

The General fund is the chief operating fund of the City of Rancho Palos Verdes. At the end of the current fiscal year, unreserved fund balance of the General fund was \$7,233,654, while total fund balance reached \$13,805,478. As a measure of the General fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 76 percent of total General fund expenditures, while total fund balance represents 145 percent of that same amount.

During the current fiscal year, the fund balance of the City's General fund increased by \$445,366. The key factor in this growth follows:

- Revenues exceeded expenses by approximately \$3.38 million; however, \$2.93 million was transferred to other funds primarily for capital projects.

CITY OF RANCHO PALOS VERDES

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2002

The debt service fund has a negative fund balance of \$10,477,530, all of which is reserved for the payment of debt service. The Redevelopment Agency's debt to the City is recorded in the debt service fund; however, because there are currently no assets to extinguish that debt, the fund carries a negative fund balance. The net decrease in the debt service fund balance during the current year was \$558,745, which represents accumulated interest on the advance from the City to the Redevelopment Agency.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net assets of the Internal Service funds at the end of the year amounted to \$3,809,538. The total growth in net assets was \$635,632.

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget was an increase of \$483,879; and can be briefly summarized as follows:

- Additional litigation services were required at an estimated additional cost of \$460,000.
- A decrease of approximately \$410,000 was attributable to appropriations continued to FY 2002-2003.
- An increase of approximately \$230,000 was attributable to appropriations continued from FY 2000-2001.
- Additional funds of \$59,000 were required to support the View Restoration program.
- Additional funds of \$35,000 were required for general engineering services within the Public Works department.
- An increase of \$35,000 was requested for implementation of Governmental Accounting Standards Board Statement No. 34.
- An additional \$20,000 was requested for temporary services in the Recreation department.
- Other immaterial increases totaled approximately \$55,000.

The \$483,879 increase was to be budgeted from available fund balance. During the year, however, expenditures were \$697,792 less than budgetary estimates, thus eliminating the need to draw upon existing fund balance.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental activities as of June 30, 2002, amounts to \$93,636,014 (net of accumulated depreciation). This investment in capital assets includes land, buildings, park improvements, roadways, sewer, storm drains, vehicles, computer equipment, furniture, other equipment, and construction in progress. During the current fiscal year, the City's investment in capital assets increased by 9.4 percent.

CITY OF RANCHO PALOS VERDES

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2002

Major capital asset events during the current fiscal year included the following:

- The Barkentine Nature Preserve was acquired in August 2001 at a cost of \$3,887,154.
- The Abalone Cove Sewer System was completed in June 2002 with a total project cost of \$5,910,928.
- The Hawthorne/Crenshaw Road Rehabilitation project was completed in June 2002 with a total project cost of \$1,357,532.
- The San Ramon Drainage project is 79 percent complete with FY 2001-2002 expenses of \$2,678,935.

City of Rancho Palos Verdes Capital Assets (Net of Depreciation)

	Governmental Activities June 30, 2002
Land	15,058,724
Buildings	2,242,919
Park improvements	659,527
Roadways	51,441,584
Sewer system	12,771,670
Storm drain system	5,815,947
Vehicles	55,336
Computer equipment	47,913
Furniture and other equipment	71,474
Construction in Progress	5,470,920
Total	93,636,014

Additional information on the City's capital assets can be found in note 4 on page 38 and 39 of this report.

Long-term debt. At the end of the current fiscal year, the City of Rancho Palos Verdes had total debt outstanding of \$5,617,750. Of this amount, \$5,455,000 is a liability of the Redevelopment Agency.

City of Rancho Palos Verdes Outstanding Debt

	Governmental Activities June 30, 2002
RDA Tax Increment Bond	5,455,000
Employee compensated absences	162,750
Total	5,617,750

CITY OF RANCHO PALOS VERDES

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2002

The City's total debt increased by \$23,385 (0.5 percent) during the current fiscal year, due to the accumulation of additional employee compensated absences.

State statutes limit the amount of general obligation debt a governmental entity may issue to 15 percent of its total assessed valuation. The current debt limitation for the City of Rancho Palos Verdes is \$855,290,626. Additional information on the City's long-term debt can be found in note 5 on pages 39-41 of this report.

Economic Factors and Next Year's Budgets and Rates

- Local property values remain strong; therefore, property tax revenue (approximately 24 percent of City-wide revenues) remains unaffected by the downturn in the economy.
- State shared revenues (i.e. Motor Vehicle In Lieu Tax) have substantially remained intact for FY 2002-2003.

Both of these factors were considered in preparing the City's budget for FY 2002-2003.

During the current fiscal year, unreserved fund balance in the General fund increased to \$7,233,654. The City of Rancho Palos Verdes has appropriated \$1,325,770 of this amount for spending in the FY 2002-2003 budget. It is intended that this use of available fund balance will avoid the need to raise taxes or charges during FY 2002-2003.

Requests for Information

This financial report is designed to provide a general overview of the financial position of the City of Rancho Palos Verdes for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, 30940 Hawthorne Boulevard, Rancho Palos Verdes, CA 90275.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE STATEMENTS

CITY OF RANCHO PALOS VERDES

**STATEMENT OF NET ASSETS
JUNE 30, 2002**

	Governmental Activities
<hr/>	
ASSETS	
Cash and investments	\$ 29,344,896
Receivables:	
Taxes	508,811
Interest	200,150
Notes	700,823
Other	475,070
Prepaid costs	768,315
Land held for development	702,392
Capital assets	
Non-depreciable:	
Land	15,058,724
Construction in progress	5,470,920
Depreciable, net of accumulated depreciation:	
Property and equipment	174,723
Buildings and improvements	2,242,919
Infrastructure	70,688,728
Total Assets	<hr/> 126,336,471 <hr/>
LIABILITIES	
Accounts payable and accrued liabilities	2,236,640
Interest payable	22,729
Retentions Payable	175,263
Deferred revenue	177,707
Deposits	477,784
Noncurrent liabilities:	
Due within one year	108,451
Due in more than one year	5,509,299
Total Liabilities	<hr/> 8,707,873 <hr/>
NET ASSETS	
Invested in capital assets	93,636,014
Restricted	
Community development	
Expendable	6,732,077
Non-expendable	1,000,000
Public safety	160,299
Public works	1,904,889
Recreation services	529,314
Unrestricted	13,666,005
Total Net Assets	<hr/> \$ 117,628,598 <hr/>

See accompanying notes to financial statements.

[Return to Menu](#)

CITY OF RANCHO PALOS VERDES

**STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2002**

	Expenses	Program Revenues		Net Governmental Activities
		Charges for Services	Operating Contributions and Grants	
Governmental Activities:				
Administration	\$ 3,068,413	\$ 156,736	\$ 57,204	\$ (2,854,473)
Public safety	2,898,265	432,924	173,902	(2,291,439)
Public works	7,283,411	78,245	6,645,460	\$ 705,945
Parks and recreation	686,583	10,660		(675,923)
Planning, building and code enforcement	1,916,297	979,015		(937,282)
Interest on long-term debt	272,750			(272,750)
Total Governmental Activities	<u>\$16,125,719</u>	<u>\$1,657,580</u>	<u>\$ 6,876,566</u>	<u>\$ (6,885,628)</u>

General Revenues:

Taxes:

Property tax, levied for general purpose	5,252,509
Transient occupancy tax	9,627
Franchise tax	1,138,539
Sales tax	1,092,745
Motor vehicle in lieu tax	2,389,257
Utility user tax	1,811,583
Other taxes	344,830
Investment income	814,220
Loss on asset disposal	(187,886)
Other	<u>122,454</u>

Total General Revenues	<u>12,787,878</u>
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Change in Net Assets	5,902,250
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Net Assets at Beginning of Year	<u>111,726,348</u>
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Net Assets at End of Year	<u>\$ 117,628,598</u>
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Return to Menu

See accompanying notes to financial statements.

FUND FINANCIAL STATEMENTS

CITY OF RANCHO PALOS VERDES

**GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2002**

		Special Revenue	
	General	Street Maintenance	Measure A
ASSETS			
Cash and investments	\$ 7,537,084	\$ 905,288	\$ 62,771
Receivable			
Taxes	488,494		
Interest	57,347	4,001	458
Other	203,420	11,535	8,866
Due from other funds	946,737		
Prepaid items	246,176		
Advances to other funds	10,875,997		
Land held for development			
Total Assets	<u>\$ 20,355,255</u>	<u>\$ 920,824</u>	<u>\$ 72,095</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable and accrued liabilities	\$ 893,841	\$ 125,159	\$ 8,494
Due to other funds			18,080
Retention payable	2,849		
Deferred revenue	5,175,303		
Deposits	477,784		
Advances to Redevelopment Agency			
Total Liabilities	<u>6,549,777</u>	<u>125,159</u>	<u>26,574</u>
FUND BALANCES			
Reserved for:			
Continuing appropriations	460,096	481,101	
Reimbursement settlement agreement			
Prepaid costs	246,176		
Advances to other funds	5,865,552		
Land development			
Housing set-aside			
Unreserved, reported in:			
General fund	7,233,654		
Special revenue funds		314,564	45,521
Capital projects funds			
Permanent funds			
Debt service			
Total Fund Balances	<u>13,805,478</u>	<u>795,665</u>	<u>45,521</u>
Total Liabilities and Fund Balances	<u>\$ 20,355,255</u>	<u>\$ 920,824</u>	<u>\$ 72,095</u>

See accompanying notes to financial statements.

Capital Projects Capital Improvements	Debt Service RDA	Other Governmental Funds	Totals
\$ 6,237,102		\$ 10,819,360	\$ 25,561,605
		20,317	508,811
37,183	\$ 20	75,935	174,944
23,567		226,217	473,605
187,268			1,134,005
	407,184	65,917	719,277
			10,875,997
		702,392	702,392
<u>\$ 6,485,120</u>	<u>\$ 407,204</u>	<u>\$ 11,910,138</u>	<u>\$ 40,150,636</u>
\$ 1,016,017		\$ 143,667	\$ 2,187,178
	\$ 8,737	1,107,188	1,134,005
169,856		2,558	175,263
		12,849	5,188,152
			477,784
	10,875,997		10,875,997
<u>1,185,873</u>	<u>10,884,734</u>	<u>1,266,262</u>	<u>20,038,379</u>
8,016,972		425,353	9,383,522
		1,000,000	1,000,000
			246,176
			5,865,552
		702,392	702,392
		630,383	630,383
			7,233,654
		4,392,691	4,752,776
(2,717,725)		3,050,109	332,384
		442,948	442,948
	(10,477,530)		(10,477,530)
<u>5,299,247</u>	<u>(10,477,530)</u>	<u>10,643,876</u>	<u>20,112,257</u>
<u>\$ 6,485,120</u>	<u>\$ 407,204</u>	<u>\$ 11,910,138</u>	<u>\$ 40,150,636</u>

Return to Menu

CITY OF RANCHO PALOS VERDES

GOVERNMENTAL FUNDS

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS

TO THE STATEMENT OF NET ASSETS

JUNE 30, 2002

Fund Balances of Governmental Funds	\$ 20,112,257
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets of governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	93,461,291
Interest accrued on the advance receivable in the General Fund is not paid by the owing funds and, therefore, is recorded as deferred revenue and added to the balance of the advance. The statement of net assets reports on the full accrual basis and does not defer currently unavailable revenues.	5,010,445
Interest expenditures are recognized when due, and therefore, interest payable is not recorded in the governmental funds.	(22,729)
Long-term notes receivable are not current available resources and, therefore, are not reported in the governmental funds.	700,823
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(5,617,750)
Internal service funds are used by management to charge the costs of certain activities, including equipment and building replacement and employee benefits, to individual funds. The assets and liabilities of the internal service funds are included in the statement of net assets.	<u>3,984,261</u>
Net Assets of Governmental Activities	<u><u>\$ 117,628,598</u></u>

[Return to Menu](#)

See accompanying notes to financial statements.

CITY OF RANCHO PALOS VERDES

**GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2002**

		Special Revenue	
	General	Street Maintenance	Parks/ Measure A
REVENUES			
Taxes	\$ 8,372,642		
Licenses and permits	1,244,871		
Fines and forfeitures	116,598		
Use of money and property	518,531	\$ 27,137	\$ 1,211
Charges for services	110,110	22,045	
Revenue from other agencies	2,446,461	878,300	3,946,278
Other revenues	122,454	23,148	
Total Revenues	12,931,667	950,630	3,947,489
EXPENDITURES			
Current:			
Administration	2,914,603		
Public safety	2,650,322		
Public works	1,343,768	1,417,472	4,900
Parks and recreation	668,939		
Planning, building and code enforcement	1,950,504		
Pass through to other agencies			
Capital outlay	24,494		3,887,154
Debt service:			
Principal and interest			
Total Expenditures	9,552,630	1,417,472	3,892,054
Excess (Deficiency) of Revenues Over Expenditures	3,379,037	(466,842)	55,435
OTHER FINANCING SOURCES			
Transfers in	107,441	530,500	60,512
Transfers out	(3,041,112)	(153,570)	(71,572)
Total Other Financing Sources (Uses)	(2,933,671)	376,930	(11,060)
Net Change in Fund Balances	445,366	(89,912)	44,375
Fund Balances, Beginning of Year	13,360,112	885,577	1,146
Prior Period Adjustment (Note #14)			
Fund Balances, End of Year	\$ 13,805,478	\$ 795,665	\$ 45,521

See accompanying notes to financial statements.

Capital Projects Capital Improvements	Debt Service RDA	Other Governmental Funds	Total
	\$ 483,912	\$ 1,820,575	\$ 10,677,129
			1,244,871
			116,598
\$ 220,851	97	385,056	1,152,883
		85,232	217,387
392,876		506,599	8,170,514
92,218		324,868	562,688
705,945	484,009	3,122,330	22,142,070
			2,914,603
		247,943	2,898,265
2,818,438	11,357	1,853,415	7,449,350
			668,939
			1,950,504
	101,570		101,570
2,487,280		1,847,505	8,246,433
	929,827		929,827
5,305,718	1,042,754	3,948,863	25,159,491
(4,599,773)	(558,745)	(826,533)	(3,017,421)
2,924,196		671,443	4,294,092
		(1,610,438)	(4,876,692)
2,924,196		(938,995)	(582,600)
(1,675,577)	(558,745)	(1,765,528)	(3,600,021)
6,974,824	300,135	13,047,099	34,568,893
	(10,218,920)	(637,695)	(10,856,615)
\$ 5,299,247	\$ (10,477,530)	\$ 10,643,876	\$ 20,112,257

Return to Menu

CITY OF RANCHO PALOS VERDES

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2002

Net Change in Fund Balances - Total Governmental Funds \$ (3,600,021)

Amounts reported for governmental activities in the Statement of Activities differs from the amounts reported in the Statement of Revenues, Expenditures, and Changes in Fund Balances because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense, or are allocated to the appropriate functional expense when the cost is below the capitalization threshold. This activity is reconciled as follows:

Cost of assets capitalized less disposals	11,047,454
Depreciation expense	(2,872,635)

Unpaid accrued interest income is deferred in the governmental funds since it is not available. This income is accrued in the Statement of Activities.	657,077
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Increases in long-term notes receivable use current financial resources and are included in the expenditures, of governmental funds. Repayments of long-term notes receivable provide current financial resources and are included in the revenues of governmental funds. These changes in notes receivable are not reflected in the revenues or expenses of the Statement of Activities. This amount represents the net change in the long-term notes receivable.	63,128
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Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(28,385)
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Internal service funds are used by management to charge the costs of certain activities, including equipment and building replacement and employee benefits, to individual funds. The net revenues/(expenses) of the internal service funds (excluding transfers and interest income) are reported with governmental activities.	635,632
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Change in Net Assets of Governmental Activities	<u>\$ 5,902,250</u>
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[Return to Menu](#)

See accompanying notes to financial statements.

CITY OF RANCHO PALOS VERDES

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2002**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
Taxes	\$ 8,244,430	\$ 8,244,430	\$ 8,372,642	\$ 128,212
Licenses and permits	1,080,300	1,080,300	1,244,871	164,571
Fines and forfeitures	135,000	135,000	116,598	(18,402)
Use of money and property	598,000	598,000	518,531	(79,469)
Charges for services	109,500	109,500	110,110	610
Revenue from other agencies	2,496,800	2,496,800	2,446,461	(50,339)
Other revenues	100,950	100,950	122,454	21,504
Total Revenues	12,764,980	12,764,980	12,931,667	166,687
EXPENDITURES				
Current:				
Administration	2,534,195	3,039,354	2,914,603	124,751
Public safety	2,693,190	2,717,199	2,650,322	66,877
Public works	1,681,610	1,606,002	1,343,768	262,234
Parks and recreation	732,760	765,560	668,939	96,621
Planning, building and code enforcement	2,016,610	2,071,151	1,950,504	120,647
Capital outlay	82,600	25,578	24,494	1,084
Total Expenditures	9,740,965	10,224,844	9,552,630	672,214
Excess (Deficiency) of Revenues Over Expenditures	3,024,015	2,540,136	3,379,037	838,901
OTHER FINANCING SOURCES (USES)				
Transfers in	96,555	106,020	107,441	1,421
Transfers out	(2,971,600)	(4,581,112)	(3,041,112)	1,540,000
Total Other Financing Sources (Uses)	(2,875,045)	(4,475,092)	(2,933,671)	1,541,421
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES				
	148,970	(1,934,956)	445,366	2,380,322
Fund Balance, Beginning of Year	13,360,112	13,360,112	13,360,112	
Fund Balance, End of Year	\$ 13,509,082	\$ 11,425,156	\$ 13,805,478	\$ 2,380,322

See accompanying notes to financial statements.

CITY OF RANCHO PALOS VERDES

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
STREET MAINTENANCE SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2002**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
Use of money and property	\$ 50,000	\$ 50,000	\$ 27,137	\$ (22,863)
Charges for services	21,600	21,600	22,045	445
Revenue from other agencies	889,500	939,500	878,300	(61,200)
Other revenues	5,000	5,000	23,148	18,148
Total Revenues	966,100	1,016,100	950,630	(65,470)
EXPENDITURES				
Current:				
Public works	1,934,800	1,678,802	1,417,472	261,330
Excess (Deficiency) of Revenues Over Expenditures	(968,700)	(662,702)	(466,842)	195,860
OTHER FINANCING SOURCES (USES)				
Transfers in	521,500	530,500	530,500	
Transfers out	(278,000)	(318,000)	(153,570)	164,430
Total Other Financing Sources (Uses)	243,500	212,500	376,930	164,430
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(725,200)	(450,202)	(89,912)	360,290
Fund Balance, Beginning of Year	885,577	885,577	885,577	
Fund Balance, End of Year	\$ 160,377	\$ 435,375	\$ 795,665	\$ 360,290

See accompanying notes to financial statements.

[Return to Menu](#)

CITY OF RANCHO PALOS VERDES

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
MEASURE A SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2002**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
Use of money and property			\$ 1,211	\$ 1,211
Revenue from other agencies	\$ 4,512,000	\$ 4,512,000	3,946,278	(565,722)
Total Revenues	4,512,000	4,512,000	3,947,489	(564,511)
EXPENDITURES				
Current:				
Public works			4,900	(4,900)
Capital outlay	4,000,000	4,000,000	3,887,154	112,846
Total Expenditures	4,000,000	4,000,000	3,892,054	107,946
Excess (Deficiency) of Revenues Over Expenditures	512,000	512,000	55,435	(456,565)
OTHER FINANCING SOURCES (USES)				
Transfers in		60,512	60,512	
Transfers out	(2,957,310)	(2,957,310)	(71,572)	2,885,738
Total Other Financing Sources (Uses)	(2,957,310)	(2,896,798)	(11,060)	2,885,738
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(2,445,310)	(2,384,798)	44,375	2,429,173
Fund Balance, Beginning of Year	1,146	1,146	1,146	
Fund Balance, End of Year	<u>\$(2,444,164)</u>	<u>\$(2,383,652)</u>	<u>\$ 45,521</u>	<u>\$ 2,429,173</u>

See accompanying notes to financial statements.

[Return to Menu](#)

CITY OF RANCHO PALOS VERDES

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2002**

	Governmental Activities - Internal Service Funds
ASSETS	
Current Assets	
Cash and investments	\$ 3,783,291
Receivables	
Interest	25,206
Other	1,465
Prepaid items	49,038
Total Current Assets	3,859,000
Noncurrent Assets	
Capital assets	
Property and equipment	692,011
Accumulated depreciation	(517,288)
Total Assets	4,033,723
LIABILITIES	
Current Liabilities	
Accounts payable and accrued liabilities	49,462
Total Liabilities	49,462
NET ASSETS	
Invested in capital assets	174,723
Unrestricted	3,809,538
Total Net Assets	\$ 3,984,261

See accompanying notes to financial statements.

[Return to Menu](#)

CITY OF RANCHO PALOS VERDES

**STATEMENT OF REVENUE, EXPENSES, AND CHANGES
IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2002**

	Governmental Activities - Internal Service Funds
	<hr/>
OPERATING REVENUES	
Charges for services	\$ 941,739
Total Operating Revenues	<hr/> 941,739 <hr/>
OPERATING EXPENSES	
Personnel services	479,994
Material and supplies	244,692
Maintenance	40,220
Depreciation	58,877
Total Operating Expenses	<hr/> 823,783 <hr/>
Operating Income	<hr/> 117,956 <hr/>
NONOPERATING REVENUES	
Interest income	122,962
Loss on asset disposal	(187,886)
Total Non Operating Revenues	<hr/> (64,924) <hr/>
Income Before Transfers	<hr/> 53,032 <hr/>
TRANSFERS IN	<hr/> 582,600 <hr/>
Change in Net Assets	635,632
Net Assets, Beginning of Year	<hr/> 3,348,629 <hr/>
Net Assets, Ending of Year	<hr/> \$ 3,984,261 <hr/>

See accompanying notes to financial statements.

[Return to Menu](#)

CITY OF RANCHO PALOS VERDES

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2002**

	Governmental Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 965,386
Payments to suppliers	(761,154)
Internal activity - payments from other funds	(13,972)
	<u>190,260</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	<u>(91,251)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Operating transfer in	<u>582,600</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received on investments	<u>135,380</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	816,989
CASH AND CASH EQUIVALENTS, Beginning of Year	<u>2,966,302</u>
CASH AND CASH EQUIVALENTS, End of Year	<u><u>\$ 3,783,291</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income	\$ 117,956
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation	58,877
Decrease in other receivables	23,647
Decrease in prepaid items	8,178
Decrease in due to other funds	(13,972)
Decrease in accounts payable and accrued liabilities	<u>(4,426)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 190,260</u></u>

See accompanying notes to financial statements.

[Return to Menu](#)

NOTES TO FINANCIAL STATEMENTS

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2002

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Rancho Palos Verdes conform to accounting principles generally accepted in the United States of America as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for governmental accounting and financial reporting principles. The City has implemented GASB Statements No. 33 and 34 and these statements are presented according to those requirements. The following is a summary of the significant policies.

A. Reporting Entity:

The reporting entity "City of Rancho Palos Verdes" includes the accounts of the City, the Rancho Palos Verdes Redevelopment Agency (the RDA) and the Joint Powers Improvement Authority (the Authority).

The City was incorporated on September 7, 1973 as a general law city and operates under a Council/Manager form of government.

The RDA was formed in 1984 pursuant to the State of California Health and Safety Code, Section 33000 entitled "Community Redevelopment Law". Its purpose is to finance long-term capital improvements designed to eliminate physical and economic blight in a project area through stabilization of hazardous landslides.

The Authority was formed on September 4, 1990 in accordance with the provisions of the Reimbursement and Settlement Agreement, dated October 27, 1987, entered into by the City, the RDA and the County of Los Angeles (the County) in connection with the Horan lawsuit. The Agreement requires funds to be set aside and expended by the Authority to maintain landslide abatement improvements installed and constructed by the RDA.

The criteria used in determining the scope of the reporting entity are based on the provisions of GASB Statement 14. The City of Rancho Palos Verdes is the primary government unit. Component units are those entities which are financially accountable to the primary government, either because the City appoints a voting majority of the component unit's Board, or because the component unit will provide a financial benefit or impose a financial burden on the City. The City has accounted for both the RDA and the Authority as "blended" component units. Despite being legally separate, the RDA and the Authority are so intertwined with the City, it is in substance, part of the City's operations. Accordingly, the balances and transactions of the RDA are reported as separate funds in the Special Revenue, Debt Service, and Capital Projects Funds. The balances and transactions of the Authority are reported as separate funds in a Permanent Fund and a Special Revenue Fund. The following specific criteria were used in determining that the RDA and the Authority are "blended" component units:

- 1) The members of the City Council also act as the governing body of both the RDA and the Authority.
- 2) The City, the RDA and the Authority are financially interdependent. The City makes loans to the RDA for use on redevelopment projects. Available property tax revenues of the RDA will be used to repay the loans from the City. It is not anticipated that tax increment revenues will be available to repay the loans any time in the immediate future.
- 3) Both the RDA and the Authority are managed by employees of the City.

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2002

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

The financial statements for both the RDA and the Authority may be obtained at the City's administrative offices.

Participation In Public Entity Joint Powers Authority:

The City is a member of the Palos Verdes Peninsula Transit Joint Powers Authority. The Transit Authority is comprised of four member cities and is organized under a Joint Powers Agreement pursuant to the California Government Code. The purpose of the Authority is to study, implement, and provide a public transit system within and around the Palos Verdes Peninsula. These transit services include Palos Verdes Transit, Dial-A-Ride, and a fixed route shuttle service. Periodic deposits are paid by member cities and are adjusted retrospectively to cover costs. Costs are prorated among all participating cities based on population.

The City does not have an equity interest in the Transit Authority; therefore, no amount has been reported in the Statement of Net Assets. However, the City does have an ongoing financial interest because the City is able to influence the operations of the Authority so that the Authority uses its resources on behalf of the City. Also, an ongoing financial responsibility exists because the Authority is dependent on continued funding from the City. The condensed financial information of the Authority has not been reproduced in this report, but is available from the Authority.

B. Accounting and Reporting Policies:

The City has conformed to the pronouncements of the GASB, which are the primary authoritative statements of accounting principles generally accepted in the United States of America applicable to state and local governments. In accordance with GASB Statement No. 20, the City applies all applicable Financial Accounting Standards Board (FASB) pronouncements, as well as those of its predecessors, issued on or before November 30, 1989, unless any such pronouncements contradict GASB pronouncements. The City also applies all FASB Statements and Interpretations issued after November 30, 1989, except those that conflict with or contradict GASB pronouncements.

In June 1999, the GASB unanimously approved Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Certain of the significant changes in the Statement include the following:

- A change in the fund financial statements to focus on the major funds
- For the first time the financial statements include:
 - A Management Discussion and Analysis (MD&A) section providing an analysis of the City's overall financial position and results of operations.
 - Financial statements prepared using full accrual accounting for all of the City's activities, including infrastructure (roads, traffic signals, etc.) and long-term debt.

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2002

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The City has elected to implement the Statement including retroactive reporting of infrastructure (assets acquired prior to July 1, 2000) in the current fiscal year.

C. Description of Funds:

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. The following are types of funds used:

Governmental Fund Types:

- *General Fund* – Used to account for all financial resources except those required to be accounted for in another fund.
- *Special Revenue Funds* – Used to account for the proceeds of specific revenue sources that are restricted by law or administrative action for specified purposes.
- *Debt Service Fund* – The debt service fund of the RDA is used to account for property tax increment revenue and related interest income. Disbursements from this fund consist mainly of principal and interest on RDA indebtedness.
- *Capital Projects Funds* – Used to account for financial resources used for the construction of specific capital projects.
- *Permanent Fund* – Used to account for resources legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs.

Proprietary Fund Type:

- *Internal Service Funds* – Used to account for the financing of goods or services provided by one department of the City to other departments on a cost-reimbursement basis.

D. Basis of Accounting/Measurement Focus

Government – Wide Financial Statements

The City's Government-Wide Financial Statements include a Statement of Net Assets and a Statement of Activities and Changes in Net Assets. These statements present summaries of Governmental Activities for the City.

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2002

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

These statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the City’s assets and liabilities, including capital assets and infrastructure as well as long-term debt, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. The types of transactions reported as program revenues for the City are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions. Charges for services include revenues from customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function. Operating grants and contributions include revenues restricted to meeting the requirements of a particular operating function and may include state shared revenues and grants. Capital grants and contributions include revenues restricted to meeting the requirements of a particular capital function and may include grants and developer fees. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables, and receivables. All internal balances in the government-wide statements have been eliminated.

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and Statement of Revenue, Expenditures, and Changes in Fund Balances for all major governmental funds and aggregated non-major funds. An accompanying schedule is presented to reconcile and explain the differences in fund balances as presented in these statements to the net assets presented in the Government-Wide Financial Statements. The City has presented all major funds that met qualifications of GASB Statement No. 34. In addition, the City has presented the Street Maintenance Special Revenue Fund as a major fund because the City believes the financial position and activities of this fund are significant to the City as a whole.

All governmental funds are accounted for on a spending or “*current financial resources*” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balances. Revenues are recognized in the accounting period in which they become susceptible to accrual, that is, when they become both measurable and available to finance expenditures of the current period. “Measurable” means that the amount of the transaction can be determined, and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Accrued revenues include property taxes received within 60 days after year-end (see Note #11), taxpayer assessed taxes such as sales taxes, and earnings on investments. Grant funds earned but not received are recorded as a receivable, and grant funds received before the revenue recognition criteria have been met are reported as deferred revenues. Expenditures are recorded when the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which is recognized when due.

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2002

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

The City reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund.

The Street Maintenance Special Revenue Fund is used to account for State highway users tax used for street maintenance, right-of-way acquisition and street construction.

The Measure A Fund is used to account for the voter approved 1992 and 1996 Measure A funds and other state and county grants used for the acquisition of open space and park improvements.

The Capital Improvement Capital Projects Fund is used to account for the funds used for the City's capital improvement projects.

The RDA Debt Service Fund is used to account for the accumulation of resources for, and the payment of principal and interest on the RDA's debt and other long-term obligations.

Proprietary Fund Financial Statements

Proprietary fund types are accounted for using the "economic resources" measurement focus and accrual basis of accounting. This means that all assets and liabilities (whether current or noncurrent) associated with the activity are included on the balance sheet. Their reported fund equity presents total net assets. The operating statement of the proprietary funds present increases (revenues) and decreases (expenses) in total net assets. Revenues are recognized when they are earned and expenses are recognized when the liability is incurred.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's internal service funds are charges to other funds for services. Operating expenses for the internal service funds include the costs of employee benefits, maintenance of capital assets, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The City's internal service funds are presented in the proprietary funds financial statements. Because the principal users of the internal services are the City's governmental activities, the financial statements of the internal service funds are consolidated into the governmental column when presented in the government-wide financial statements. To the extent possible, the cost of these services is reported in the appropriate functional activity (general government, public safety, public works, etc.).

The City uses the internal service funds to finance and account for goods and services provided by one City department to other City department including the purchase and maintenance of equipment, replacement of buildings and employee benefits.

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2002

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

E. Budgetary Accounting:

Annual budgets are adopted on a basis consistent with GAAP for all governmental funds. All annual appropriations lapse at fiscal year-end. Throughout the year, the City Council made several supplementing budgetary adjustments to the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds and the permanent Fund. These adjustments resulted in a net appropriation decrease in the amount of \$3,689,334. This increase resulted primarily from rebudgeted projects and amounts carried over from FY 2000-2001 as continuing appropriations.

Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from the proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller, returned to the taxpayers through revised tax rates or revised fee schedules, or an excess in one year may be offset against a deficit in the following year. For the fiscal year ended June 30, 2002, based on calculations by City Management, proceeds of taxes did not exceed related appropriations.

F. Advances to Other Funds

Long-term interfund advances are recorded as a receivable in the advancing governmental fund and as a liability in the fund receiving the advance. Accrued unpaid interest is deferred in the advancing governmental fund and the principal portion of the advance is reported as a reservation of fund balance.

G. Capital Assets

Capital assets, which include land, machinery and equipment (vehicles, computers, etc.), buildings and improvements, and infrastructure assets (street systems, storm drains, sewer systems, etc.), are reported in Governmental Activities column of the Government-Wide Financial Statements. Capital assets are defined by the City as all land and buildings; vehicles, computers and equipment with an initial individual cost of more than \$5,000; and improvements and infrastructure assets with costs of more than \$100,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated or annexed capital assets are recorded at estimated market value at the date of donation or annexation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Depreciation is recorded in the Government-Wide Financial Statements on a straight-line basis over the useful life of the assets as follows:

Buildings and improvements	25 to 50 years
Vehicles, computers, and equipment	3 to 10 years
Infrastructure Assets	
Roadway Network	10 to 100 years
Sewer Network	25 to 50 years
Storm Drain Network	30 to 100 years
Parks and Recreation Network	25 years

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2002

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

H. Employee Compensated Absences:

City employees may receive from 10 to 20 days vacation time each year, depending upon length of service. An employee may accumulate earned vacation time up to a maximum of two years' worth of accrued vacation leave. Upon termination, employees are paid the full value of their unused vacation time at their existing salary. There is no fixed payment schedule for employee compensated absences.

At June 30, 2002, vested accrued vacation and compensatory time amounted to \$162,750.

I. Investments:

The City has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No 31, "Accounting and Financial Reporting for Certain Investments and External Pools", which require governmental entities to report certain investments at fair value in the balance sheet and recognize the corresponding change in the fair value of investments in the year in which the change occurred. In accordance with GASB Statement No. 31, the City has adjusted certain investments to fair value (when material).

Investments are included within the financial statement classifications of "Cash and investments" and "Cash and investments – restricted" and are stated at fair value, (see Note #2).

J. Cash and Cash Equivalents:

For purposes of the statement of cash flows of the proprietary funds, all cash and investments with an original maturity of 90 days or less are considered to be cash and cash equivalents. As explained in Note #2, the City pools its investment funds for maximum return. A substantial portion of these investments are held in the State Treasurer's Local Agency Investment Pool, which is highly liquid. The City has no non-cash investing, capital, or financing activities to be reported on the statement of cash flows.

K. Claims and Judgments:

When it is probable that a claim liability has been incurred, and the amount of the loss can be reasonably estimated, the City records the estimated loss, net of any insurance coverage under its self-insurance program. At June 30, 2002, in the opinion of the City Attorney, the City had no material claims, which require loss provisions in the financial statements. Small claims and judgments are recorded as expenditures when paid.

The City's self-insurance program is administered through the California Joint Powers Authority (the CJPIA), which is described at Note #8. The CJPIA is a public entity risk pool, which is accounted for under the provisions of GASB Statement 10. Claim losses recorded in the CJPIA include both current claims and Incurred But Not Reported claims (IBNR). Deposits to the CJPIA are recorded by the City as insurance expenditures in the General Fund when paid. These deposits are subject to retrospective adjustment. Favorable claims experience result in a refund of deposits from the CJPIA and such refunds, if any, are recorded as a reduction of insurance expenditures in the year received. Adverse claims experience result in the payment of additional deposits and such deposits, if any, are recorded as insurance expenditures when paid.

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2002

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

L. Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

M. Used of Restricted Resources:

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed.

NOTE #2 – CASH AND INVESTMENTS

The City maintains a cash and investments pool, which is available for use by all funds. Each fund's portion of the pool is displayed on the Financial Statements as "Cash and Investments".

Interest income earned on pooled cash and investments is allocated quarterly to the funds based on average monthly cash and investment balances. Interest income from restricted cash is allocated directly to the fund earning the income.

Authorized Investments:

Under provisions of the City's Investment Policy, and in accordance with Section 53601 of the California Government Code, the City may invest in the following types of instruments, subject to certain restrictions as to maturity and percentage of portfolio:

- Demand Deposits and Money Market Accounts
- Insured Certificates of Deposit
- Repurchase Agreements
- Obligations of the U.S. Treasury and U.S. Agencies
- Assessment Bonds of the City of Rancho Palos Verdes
- California Local Agency Investment Fund (LAIF)
- Shares of "Money Market Funds"

Throughout the year ended June 30, 2002, the City did not utilize overnight Repurchase Agreements.

Classification of Deposits and Investments by Credit Risk

Statement No. 3 of the Governmental Accounting Standards Board requires that deposits and investments be classified into three categories of credit risk. These categories are as follows:

CITY OF RANCHO PALOS VERDES

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002**

NOTE #2 – CASH AND INVESTMENTS, Continued

Deposits:

- Category 1: Insured or collateralized with securities held by the City or by its agent in the City's name.
 Category 2: Collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.
 Category 3: Uncollateralized. This includes any bank balance that is collateralized with securities held by the pledging financial institution or by its trust department or agent, but not in the City's name.

Investments:

- Category 1: Insured or registered, or securities held by the City or its agent in the City's name.
 Category 2: Uninsured and unregistered, with securities held by the pledging financial institutions or counterparty's trust department or agent in the City's name.
 Category 3: Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent, but not in the City's name.

Deposits and investments were categorized as follows at June 30, 2002:

Categorized:	BANK BALANCE - CATEGORY			BANK BALANCES	CARRYING AMOUNTS	FAIR VALUE
	1	2	3			
Demand Deposits	<u>\$100,000</u>	<u></u>	<u>\$2,285,594</u>	<u>\$ 2,385,594</u>	<u>\$ 1,924,939</u>	

Investments at June 30, 2002, by risk category are as follows:

	CATEGORY				
	1	2	3		
Investments:					
Local Agency					
Investment Fund ⁽¹⁾	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>27,418,957</u>	<u>\$ 27,495,186 ⁽²⁾</u>
Petty cash on hand at June 30, 2002				<u>1,000</u>	
Total Cash and Investments				<u>\$ 29,344,896</u>	

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2002

NOTE #2 – CASH AND INVESTMENTS, Continued

Cash and investments are reported in the accompanying financial statements as follows:

Governmental Funds	\$ 25,561,605
Proprietary Funds	3,783,291
	<u>\$ 29,344,896</u>

(1) Not subject to categorization.

(2) The management of the State of California Pooled Money Investment Account (generally referred to as LAIF) has indicated to the City that as of June 30, 2002, the carrying amount of the pool was \$47,719,552,487 and the estimated market value of the pool (including accrued interest) was \$48,082,558,174. The City's proportionate share of the value is \$27,418,957. Included in LAIF's investment portfolio are certain derivated securities or similar products in the form of structures notes, totaling \$551,578,000 and asset-backed securities totaling \$921,063,000. LAIF's (and the City's) exposure to risk (credit, market, or legal) is not currently available.

Fair Value of Investments

GASB Statement No. 31 generally applies to investments in external investment pools (State of California LAIF), investments purchased with maturities greater than one year, mutual funds, and certain investment pools agreements. Generally, governmental entities need to report the "fair value" changes for these investments at year-end and record these gains or losses on their income statement.

The City holds an investment in LAIF that is subject to being adjusted to "fair value". The City is required to disclose its methods and assumptions used to estimate the fair value of its holdings in LAIF. The City relied upon information provided by the State Treasurer in estimating the City's fair value position of its holding in LAIF. The City had a contractual withdrawal value of \$27,418,957 whose pro-rata share of fair value was estimated by the state Treasurer to be \$27,495,186. The fair value change in this investment for the year came to an amount that was not material for presentation in the financial statements.

LAIF is a governmental investment pool managed and directed by the California State Treasurer and is not registered with the Securities and Exchange Commission. An oversight committee, comprised of California State officials and various participants, provide the management of the fund. The daily operations and responsibilities of LAIF fall under the auspices of the State Treasurer's office. The City is a voluntary participant in the investment pool.

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2002

NOTE #3 – INTERFUND TRANSACTIONS

Interfund Balances

Interfund balances consisted of the following at June 30, 2002:

Due to the General Fund from:

Abalone Cove Capital Projects Fund	\$ 938,000
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This balance resulted from costs paid out of the General Fund during May and June 2002 which are not reimbursed until July 2002

Redevelopment Agency Debt Service Fund	\$ 8,737
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This balance resulted from advance made to cover deficit cash balance at year end. The General Fund will be repaid with property tax revenue.

Due to the Capital Improvement Projects Fund from:

Measure A Fund	\$ 18,080
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CDBG Fund	\$ 169,188
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These balances resulted from advances made to cover deficit cash positions at year-end. The CDBG fund balance will be repaid by the General Fund.

The Measure A fund balance will be repaid upon receipt of reimbursements for expenditures incurred. All amounts are expected to be repaid during the fiscal year 2002-2003.

Interfund Advances

The General Fund has advanced the RDA Debt Service Fund amounts as described below:

	Balance July 1, 2001	Additions	Deletions	Balance June 30, 2002
Advances to the Redevelopment Agency	\$10,218,920	\$ 657,077		\$10,875,997

The City has entered into an agreement to provide the RDA operating funds and staff assistance, supplies, technical and other services and facilities of the City as the RDA requires in carrying out its function under the community redevelopment law. The RDA will repay the resulting indebtedness, plus interest, from incremental property tax revenues arising from the project area, as such revenue becomes available. As of June 30, 2002, no revenue was available to the RDA to repay the advances due to the City, nor are sufficient revenues expected to be available to repay advances in the immediate future. Variable interest was accrued at a rate of 9.134 percent and 6.43 percent respectively during the fiscal years ended June 30, 2001 and 2002. Of the \$10,875,997 remaining indebtedness, \$8,656,978 relates to the Portuguese Bend portion of the RDA, while \$2,219,019 relates to the Abalone Cove portion. During the year ended June 30, 2002, accrued interest of \$523,014 was added to the balance of the advance to the Portuguese Bend Fund, while accrued interest of \$134,063 was advanced to the Abalone Cove Fund. No interest has ever been paid by the RDA on these advances, therefore, the interest component of the advance has been recorded as deferred revenue in the General Fund of the City.

CITY OF RANCHO PALOS VERDES

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002**

NOTE #3 – INTERFUND TRANSACTIONS, Continued

Interfund Transfers

Interfund transfers for the year ended June 30, 2002 consisted of the following:

		Transfer From			
		General	Street	Other	Total
		Fund	Maintenance	Governmental	
Transfer To	General Fund			\$ 56,771	\$ 107,441
	Street Maintenance	\$ 9,000		521,500	530,500
	Measure A	60,512			60,512
	Capital Improvement Project	1,834,000	\$ 153,570	14,801	2,924,196
	Other Governmental	555,000		116,443	671,443
	Internal Service	582,600			582,600
	Total	<u>\$ 3,041,112</u>	<u>\$ 153,570</u>	<u>\$ 71,572</u>	<u>\$ 4,876,692</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations or grant matching requirements.

CITY OF RANCHO PALOS VERDES

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002**

NOTE #4 – CAPITAL ASSETS AND DEPRECIATION

In accordance with GASB Statement No. 34, the City has reported all capital assets including infrastructure in the Government-Wide Statement of Net Assets. The City elected to use the basic approach as defined by GASB Statement No. 34 for all infrastructure reporting, whereby depreciation expense and accumulated depreciation has been recorded. The following table presents the capital assets activity for the year ended June 30, 2002.

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 11,168,592	\$ 3,890,132		\$ 15,058,724
Construction in progress	5,861,369	3,497,414	\$(3,887,863)	5,470,920
Total capital asset not being depreciated	17,029,961	7,387,546	(3,887,863)	20,529,644
Capital assets, being depreciated:				
Buildings and improvements	3,197,989			3,197,989
Vehicles	170,296	44,738	(37,965)	177,069
Computer equipment	562,740	36,997	(376,286)	223,451
Furniture, fixtures and equipment	747,207	12,269	(467,985)	291,491
Infrastructure				
Roadway system	73,688,651	1,502,554		75,191,205
Sewer system	19,844,535	5,910,928		25,755,463
Storm drain system	6,583,525	134,289		6,717,814
Parks system	4,191,673			4,191,673
Total capital asset being depreciated	108,986,616	7,641,775	(882,236)	115,746,155
Less accumulated depreciation for:				
Buildings and improvements	(891,110)	(63,960)		(955,070)
Vehicles	(149,916)	(8,780)	36,963	(121,733)
Computer equipment	(415,705)	(28,758)	268,925	(175,538)
Furniture, fixtures and equipment	(584,387)	(21,339)	385,709	(220,017)
Infrastructure				
Roadway system	(21,634,990)	(2,114,631)		(23,749,621)
Sewer system	(12,447,939)	(535,854)		(12,983,793)
Storm drain system	(779,015)	(122,852)		(901,867)
Parks system	(3,496,808)	(35,338)		(3,532,146)
Total accumulated depreciation	(40,399,870)	(2,931,512)	691,597	(42,639,785)
Total capital assets, being depreciated, net	68,586,746	4,710,263	(190,639)	73,106,370
Governmental activities capital assets, net	\$ 85,616,707	\$ 12,097,809	\$ (4,078,502)	\$ 93,636,014

CITY OF RANCHO PALOS VERDES

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002**

NOTE #4 – CAPITAL ASSETS AND DEPRECIATION, Continued

Depreciation expense was charged to functions/programs of the primary government as follows:

Administration	\$ 63,960
Public works, including depreciation of general infrastructure assets	2,773,337
Recreation services	35,338
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	58,877
Total Depreciation Expense - Governmental Activities	<u>\$ 2,931,512</u>

NOTE #5 – LONG-TERM DEBT

	Balance July 1, 2001	Additions	Deletions	Balance June 30, 2002	Amount Due in 2003
RDA Tax Increment Bond	\$ 5,455,000			\$ 5,455,000	
Employee compensated absences	134,365	\$ 28,385		162,750	\$ 108,451
Totals	<u>\$ 5,589,365</u>	<u>\$ 28,385</u>	<u>\$ -</u>	<u>\$ 5,617,750</u>	<u>\$ 108,451</u>

A. RDA Tax Increment Bond

In July 1991, the RDA received \$10,000,000 in loan proceeds (the Loan) from the County of Los Angeles (the County) upon the County's issue of Abalone Cove Improvement Bonds 2651-M pursuant to a Reimbursement and Settlement Agreement (the Agreement), dated October 27, 1987 in connection with the Horan Lawsuit. The Loan was made for the purpose of abating the Abalone Cove landslide. The settlement Loan was secured by property assessment liens in the Abalone Cove project area.

As stipulated by the parties to the Agreement, a portion of the Loan proceeds was used to repay a tax allocation and revenue anticipation promissory note issued to the County in the principal amount of \$1,450,000, plus accrued interest equal to \$179,244. A second portion of the proceeds was used to repay expenses advanced by the County in the amount of \$135,614. A third portion was used to repay certain loans from the City to the RDA in the amount of \$787,340.

Per the terms of the Agreement, \$1,000,000 of the proceeds was deposited in the Abalone Cove Maintenance Nonexpendable Trust Fund of the Joint Powers Improvement Authority. The remainder of the proceeds were accounted for in the RDA's Abalone Cove Fund. Concurrent with the execution of the Agreement, the County deeded its title in the Abalone Cove Beach Park to the RDA.

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2002

NOTE #5 – LONG-TERM DEBT, Continued

A. RDA Tax Increment Bond, Continued

As part of the Agreement, the RDA is required to transfer 17 percent of tax increment revenue to the Consolidated Fire Protection District of the County and 50.9 percent of tax increment revenue for debt repayment to the County. In accordance with the Agreement, the RDA was to pay the Loan principal plus interest at 7.7654 percent over a 30-year period that began in 1992. However, these debt payments were to be deferred 10 years until the fiscal year ended June 30, 2002.

As part of the deferral arrangement, the accrued interest from the inception of the Loan through June 30, 2002, in the amount of \$7,314,944, was scheduled to be paid over a 20-year period beginning in the fiscal year ending June 30, 2002, with no additional interest. The remaining balance of \$10,274,119 was scheduled to be paid to the County over a 20-year period beginning in the fiscal year ending June 30, 2002, with interest at 7.7654 percent.

On November 1, 1997, the City, RDA and County of Los Angeles entered into a Memorandum of Understanding (MOU) agreeing to restructure the repayment schedule of the debt owed the County by the RDA. In accordance with the terms of the MOU, the \$10,000,000 loan principal owed the County was cancelled. As consideration for the loan cancellation, the RDA made a lump sum payment to the County in the amount of \$4,545,000 and issued a \$5,455,000 tax increment bond to the County (the RDA bond). Of the \$4,545,000 lump sum payment, \$2,000,000 was paid from tax increment revenue and interest earnings accumulated in the Debt Service Fund. The remaining \$2,545,000 was funded by a combination of a loan from the General Fund of the City to the Agency for \$1,545,000 and a net operating transfer from the Agency's Abalone Cove Capital Projects Fund to the Debt Service Fund of \$1,000,000. The private property liens resulting from the formation of the bond assessment district in connection with the Reimbursement and Settlement Agreement in 1987 were discharged in accordance with the terms of the MOU.

The RDA bond was issued as a conduit through the Improvement Authority to the County. No issuance costs were incurred. One hundred (100 percent) percent of net future tax increment revenue will fund the payment of the RDA bond debt and the deferred interest from the original Loan until paid in full. In December 1997, the County began withholding payment of the Agency's net tax increment revenue (net of the 17 percent payment to the County Fire Protection District and the 20 percent housing set-aside amount) to offset the annual principal and interest charges. The principal of the RDA bond will mature in installments each December 2nd, commencing December 2, 2004. Interest accrues at a rate of 5 percent per annum and is payable in arrears each June 2nd and December 2nd. Additionally, both the accrued interest and deferred interest on the \$10,000,000 Loan previously owed the County was retroactively recalculated from the Loan origination date at a rate of approximately 5 percent compared to 7.7654 percent per the original Agreement. The recalculated deferred interest is \$3,111,400. The accumulated amount of tax increment withheld over the scheduled principal and interest payment made during the life of the RDA bond is recorded in the Debt Service Fund as a prepaid item at June 30, 2002.

CITY OF RANCHO PALOS VERDES

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002**

NOTE #5 – LONG-TERM DEBT, Continued

A. RDA Tax Increment Bond, Continued

After payment of the deferred interest, the RDA may elect to further defer payment to the County of the 50.9 percent of tax increment revenue in order to extinguish any other indebtedness of the RDA. This deferral would allow the tax increment to be available for the repayment of loans made to the RDA by the City (Note #3). In the event the deferral is elected, the debt owed the City is fully extinguished and no other RDA indebtedness exists, the RDA will transfer all subsequent tax increment revenue to the County to fund prior deferrals of, and current payments of, the 50.9 percent of tax increment revenue required to be paid per the Settlement Agreement.

The debt service schedule below summarizes all fixed principal and interest payments for the term of the RDA bond. Because the payback period for the deferred interest amount will fluctuate depending on the availability of excess tax increment revenues, no amounts have been included in the following schedule for repayment of the deferred interest.

Year Ended June 30	Tax Allocation Bond		Total
	Principal	Interest	
2003	\$ -	\$ 272,750	\$ 272,750
2004	-	272,750	272,750
2005	5,000	272,625	277,625
2006	15,000	272,125	287,125
2007-2011	270,000	1,334,250	1,604,250
2012-2016	690,000	1,214,750	1,904,750
2017-2021	1,275,000	972,875	2,247,875
2022-2026	2,085,000	557,875	2,642,875
2027-2028	1,115,000	56,875	1,171,875
	<u>\$ 5,455,000</u>	<u>\$ 5,226,875</u>	<u>\$ 10,681,875</u>

B. Employee Compensated Absences

There is no fixed payment schedule for employee compensated absences. Based on historical trends, \$108,451 is estimated to be the amount that will be used and/or paid out during fiscal year 2002-2003.

CITY OF RANCHO PALOS VERDES

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002**

NOTE #6 – CLASSIFICATIONS OF NET ASSETS AND FUND BALANCE

In the Government-Wide financial statements net assets are classified in the following categories:

Invested in Capital Assets

This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation on these assets reduces this category.

Restricted Net Assets

This category presents external restrictions imposed by creditors, grantors, contributions or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Assets

This category represents the net assets of the City that are not externally restricted for any project or other purpose.

In the Fund Financial Statements the City has established “reserves” to segregate portions of fund balance which are not appropriable for expenditure in future periods, or which are legally set aside for a specific future use. Fund “designations” also are established to indicate tentative plans for financial resource utilization of unreserved fund balance in a future period.

The City’s governmental funds reserves and designations at June 30, 2002 are presented below, followed by explanations of the nature and purpose of each reserve and designation.

	General Fund	Steet Maintenance Fund	Capital Improvement Fund	Other Governmental Funds
Reserved:				
Continuing appropriations	\$ 460,096	\$ 481,101	\$ 8,016,972	\$ 425,353
Reimbursement				
settlement agreement	-	-	-	1,000,000
Advances to other funds	5,865,552	-	-	-
Prepaid costs	246,176	-	-	-
Land held for development	-	-	-	702,392
Housing set-aside	-	-	-	630,383
Total Reserved	<u>\$6,571,824</u>	<u>\$ 481,101</u>	<u>\$ 8,016,972</u>	<u>\$ 2,758,128</u>

CITY OF RANCHO PALOS VERDES

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002**

NOTE #6 – CLASSIFICATIONS OF NET ASSETS AND FUND BALANCE, Continued

A. Reserves for Encumbrances and Continuing Appropriations

These reserves are maintained for purchase orders and other commitments outstanding at year-end.

B. Reserved for Reimbursement Settlement Agreement

This reserve has been established under the legal requirements of the Reimbursement Settlement Agreement (see Note #5).

C. Reserved for Advances to Other Funds

This reserve represents the long-term portion of loans from the City's General Fund to the RDA, less \$5,010,445 recorded as deferred revenue (see Note #12).

D. Reserved for Prepaid Items

This reserve is provided to indicate that the asset carrying value is not an "available" spendable resource to meet expenditures of the current year.

E. Reserved for Land Development

These funds are reserved for land purchased by the City to be sold or otherwise used for the development of low and moderate income housing.

NOTE #7 – PENSION PLAN

Plan Description

The City's defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Plan is part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), an agent multiple-employer plan administrated by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements are established by State statutes within the Public Employees' Retirement Law. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office – 400 P Street, Sacramento, California, 95814.

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2002

NOTE #7 – PENSION PLAN, Continued

Funding Policy

A contribution of 7 percent of annual covered salary is required for each active plan member. For local miscellaneous members, the City pays the full 7 percent contribution for all the full-time positions, while part-time employees must contribute the 7 percent from earnings. Additionally, the City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2000-2001 was zero percent for local miscellaneous members. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

Annual Pension Cost

For Fiscal Year 2001-2002, the City's actual and contributed pension cost was \$144,783. The required contribution for fiscal year 2001-2002 was determined as part of the June 30, 2000, actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 8.25 percent investment rate of return (net of administrative expenses); (b) projected salary increases that vary by duration of service ranging from 3.75 percent to 14.20 percent; and (c) payroll growth of 3.75 percent. Both (a) and (b) include an inflation component of 3.5 percent. The actuarial value of the Plan's assets was determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a two to five year period depending on the size of investment gains and/or losses. The Plan's unfunded actuarial accrued liability (or excess assets) is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2002, was one year.

Three-Year Trend Information for Plan

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2000	\$ 135,001	100%	\$ 0
6/30/2001	133,460	100%	\$ 0
6/30/2002	144,783	100%	\$ 0

Schedule of Funding Status of Plan

Valuation Date	Actuarial Value of Assets	Entry Age Normal Accrued Liability	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	UAAL as a % of Payroll
6/30/1999	\$6,503,040	\$ 4,468,478	\$ (2,034,562)	145.5%	\$2,064,127	(98.568)%
6/30/2000	7,227,658	5,690,826	(1,536,832)	127.0%	2,102,848	(73.083)%
6/30/2001	7,445,220	6,515,182	(930,038)	114.3%	2,086,935	(44.6)%

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2002

NOTE #8 – INSURANCE

A. Description of Participation in the California Joint Powers Insurance Authority

The City is a member of the California Joint Powers Insurance Authority (CJPIA). The CJPIA is comprised of over 80 California member cities and is organized under a Joint Powers Agreement pursuant to the California Government Code. The purpose of the CJPIA is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage. Each member city has a representative on the Board of Directors. The accounting methods used by the CJPIA are more fully described at Note #1-K.

Self-insurance Programs of the CJPIA

- General Liability Insurance

Annual deposits are paid by member cities and are adjusted retrospectively to cover costs. Each member city, including Rancho Palos Verdes, has a retention level of \$20,000 and pays 100 percent of each loss up to \$20,000. The City does not share or pay for losses of other member cities under \$20,000. Participating cities then share in the next \$20,000 to \$500,000 per loss occurrence. Losses between \$500,000 and \$5,000,000 are prorated on a payroll basis between member cities. Losses between \$5,000,000 and \$50,000,000 are covered by the pool's purchased re-insurance. Specific coverage includes automotive liability, personal injury, contractual liability, errors and omissions and certain other coverage. Beginning with fiscal year 1987, the CJPIA became fully self-insured.

- Workers' Compensation

Periodic deposits are paid by member cities and are adjusted retrospectively to cover costs. Each member city has a specific retention level. The City of Rancho Palos Verdes has a retention level of \$50,000 and pays 100 percent of all losses incurred up to \$50,000. The City does not share or pay for losses of other cities under \$50,000. Losses of \$50,000 to \$100,000 are prorated among all participating cities on the basis of each city's total losses under its retention level. Losses between \$100,000 and \$500,000 are prorated on a payroll basis. Losses in excess of \$500,000 and up to a limit of \$5 million are covered by excess insurance purchased by the member cities.

- Property Protection

The City of Rancho Palos Verdes participates in the All Risk Property Protection Program, which is primarily underwritten by a casualty insurance company. The annual deposits paid by participating member cities are based upon deductibility levels and are not subject to retroactive adjustments. The City also has insurance coverage for boiler and machinery.

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2002

NOTE #8 – INSURANCE, Continued

B. Summary Disclosure of Self-Insurance Losses

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City currently reports all of its risk management activities in its General Fund.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years. No reductions in coverage occurred in the year ended June 30, 2002. As previously described in Note #1-M, the City has no material claims, which would require loss provisions in the financial statements.

NOTE #9 – ASSESSMENT DISTRICTS BOND ISSUES

Assessment District No. 9 issued special assessment bonds for the purpose of public improvements under the Municipal Improvement acts of 1911 and 1913. Neither the faith, credit, nor taxing power of the City is pledged to the repayment of the bonds. The City is only acting as an agent for the property owners and bondholders in collecting and forwarding the special assessment. Accordingly, the unretired principal at June 30, 2002 of \$33,661 has not been recorded as a long-term liability in the Statement of Net Assets.

NOTE #10 – CONTINGENCIES AND COMMITMENTS

In the normal course of operations, the City has been named as a defendant in various claims and legal actions. In the opinion of management and legal counsel, the ultimate liability for these legal actions and claims will not have a material adverse effect on the City's general-purpose financial statements.

The United States Army Corps of Engineers has agreed to perform the remaining cleanup operations, which has been memorialized in a written agreement. As a result, no amount has been recorded as a long-term liability in the Statement of Net Assets at June 30, 2002.

NOTE #11 – PROPERTY TAXES

Under California law, property taxes are assessed and collected by the counties up to 1 percent of assessed value, plus other increases approved by the voters. The property taxes go into a pool, and are then allocated to the cities based on complex formulas. Accordingly, the City accrues only those taxes, which are received from the county within sixty days after year-end.

Lien date	March 1
Levy date	June 30
Due date	November 1 and February 1
Collection dates	December 10 and April 10

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2002

NOTE #12 – DEFERRED REVENUES

The deferred revenues in the fund financial statements of the City of Rancho Palos Verdes as of June 30, 2002 consisted of the following:

Source	General Fund
Accrued Interest from Long-Term Advances to the Redevelopment Agency	\$ 5,010,445
Advance on Federal Grant	164,858
Advance on Local Grants	12,849
Total Deferred Revenues	<u>\$ 5,188,152</u>

NOTE #13 – LAND HELD FOR DEVELOPMENT

On March 21, 2000, the City purchased approximately 20 acres of land to be used for an affordable housing project. The total cost of the land was \$702,392. The City has recorded the cost of the land as an asset in the special revenue fund that purchased the property (Housing Set-Aside fund).

The City expects one or more developers to file an application for a multiple unit housing project, with an affordable housing element, during the fiscal year ending June 30, 2003. Upon approval, the City anticipates transferring the land to a developer for construction of the housing project. The City will recognize a gain or loss on the disposal of the land at the time a disposition and development agreement is finalized. The fund balance in the Housing Set-Aside fund has been reserved for an amount equal to the purchase price of the land.

In the event the Crestridge property is not used for low or moderate income housing, or in the event the property is used for a purpose that may not be charged against the Housing Set-Aside fund in the full amount of \$702,392, then all, or a portion of the \$702,392 purchase price must be reimbursed to the Housing Set-Aside fund. Following such reimbursement, the fund balance will likely exceed \$1 million. The amount exceeding \$1 million is defined as "excess surplus." In the event of the occurrence of excess surplus, the RDA may be required to either transfer the excess surplus to the County Housing Authority within one year, or spend such excess within an additional two years after such occurrence. The Community Redevelopment Law sets forth substantial penalties if the RDA fails to properly dispose of excess surplus funds.

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2002

NOTE #14 – PRIOR PERIOD ADJUSTMENT

The City recorded two prior period adjustments in the year ended June 30, 2002. A long-term receivable was previously recorded in the RDA Portuguese Bend Fund. Because only current financial resources should be recorded in governmental funds, the beginning balance of this receivable, \$637,695, has been removed from the RDA Portuguese Bend Fund.

As is common with many California cities, the City has advanced resources to the Redevelopment Agency. Previously, the receivable was recorded in the General Fund and the liability was recorded in the General Long-Term Debt Account Group. The advance is an interfund balance that should be reported as an asset of the advancing fund and a liability of the fund receiving the advance. A second prior period adjustment was recorded in the RDA Debt Service Fund to record the beginning advance liability of \$10,218,920.

NOTE #15 – SUBSEQUENT EVENTS

The City leases land from the County of Los Angeles, which was previously owned by the federal government. The property houses an educational museum called the Point Vicente Interpretive Center (PVIC). While performing grading at the site in August 1999, soil with a high concentration of lead was discovered and the park facility was immediately closed.

The contaminated soil is a result of a gunnery range operated on the site by the County and United States Army. Through June 30, 2002, the City has paid \$726,683 for soil remediation efforts. The City has budgeted an additional \$553,259 for FY 2002-2003 for soil remediation activities. The City paid \$385,000 on August 31, 2002 from the FY 2002-2003 budget, for final settlement with the owner of a landfill, regarding disposal of the contaminated soil.

NOTE #16 – OTHER REQUIRED FUND DISCLOSURES

The following funds had deficit fund balances as of June 30, 2002:

RDA Debt Services Fund	<u>\$10,477,530</u>
CDBG Special Revenue Fund	<u>\$ 436</u>

The City plans to finance these deficits through future revenues to the funds.

SUPPLEMENTARY SCHEDULES

CITY OF RANCHO PALOS VERDES

JUNE 30, 2002

MAJOR FUND BUDGETARY COMPARISON SCHEDULES

Budgetary comparison statements are presented as part of the basic financial statements for the General Fund and all Major Special Revenue Funds as provided for by GASB Statement No. 34. The budgetary comparison schedules for the remaining major funds are presented to aid in additional analysis and are not a required part of the basic financial statements.

CITY OF RANCHO PALOS VERDES

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL IMPROVEMENT PROJECT CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2002**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
Use of money and property	\$ 186,700	\$ 186,700	\$ 220,851	\$ 34,151
Revenue from other agencies	376,000	376,000	392,876	16,876
Other revenues			92,218	92,218
Total Revenues	562,700	562,700	705,945	143,245
EXPENDITURES				
Current:				
Public works	1,139,560	1,304,020	2,818,438	(1,514,418)
Capital outlay	11,154,760	6,030,258	2,487,280	3,542,978
Total Expenditures	12,294,320	7,334,278	5,305,718	2,028,560
Excess (Deficiency) of Revenues Over Expenditures	(11,731,620)	(6,771,578)	(4,599,773)	2,171,805
OTHER FINANCING SOURCES (USES)				
Operating transfer in	7,060,560	9,168,225	2,924,196	(6,244,029)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(4,671,060)	2,396,647	(1,675,577)	(4,072,224)
Fund Balance, Beginning of Year	6,974,824	6,974,824	6,974,824	
Fund Balance, End of Year	\$ 2,303,764	\$ 9,371,471	\$ 5,299,247	\$ (4,072,224)

CITY OF RANCHO PALOS VERDES

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
RDA DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2002**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
Taxes	\$ 451,000	\$ 451,000	\$ 483,912	\$ 32,912
Use of money and property	600	600	97	(503)
Total Revenues	451,600	451,600	484,009	32,409
EXPENDITURES				
Current:				
Public works	11,500	11,500	11,357	143
Pass through to other agencies	96,000	104,500	101,570	2,930
Debt Service-interest	1,272,230	1,272,230	929,827	342,403
Total Expenditures	1,379,730	1,388,230	1,042,754	345,476
Excess (Deficiency) of Revenues Over Expenditures	(928,130)	(936,630)	(558,745)	377,885
OTHER FINANCING SOURCES (USES)				
Advances to Redevelopment Agency	999,480	999,480		(999,480)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	71,350	62,850	(558,745)	(621,595)
Fund Balance, Beginning of Year	300,135	300,135	300,135	
Prior Period Adjustment			(10,218,920)	(10,218,920)
Fund Balance, End of Year	\$ 371,485	\$ 362,985	\$(10,477,530)	\$ (10,840,515)

CITY OF RANCHO PALOS VERDES

JUNE 30, 2002

NONMAJOR GOVERNMENTAL FUNDS

Special Revenues Fund Descriptions

Special Revenue Funds are used to account for taxes and other revenues set aside in accordance with law or administrative regulation for a specific purpose.

Air Quality Management – to account for AB2766 fees received to fund programs to reduce air pollution from motor vehicles.

Community Development Block Grant (CDBG) – to account for Federal Grants received from the Department of Housing and Urban Development (HUD).

El Prado – to account for taxes collected to maintain and service existing and proposed improvements.

Redevelopment Agency (RDA) – Housing Set-Aside – to account for the portion of Redevelopment tax increment monies which is a requirement under California Redevelopment Law, Section 33334, to be set-aside for the development of low and moderate income housing.

Proposition A – to account for the City’s share of an additional one-half percent sales tax designated to fund certain public transportation orientated projects.

Proposition C – to account for sales taxes received from the County and used to support public transit and related services.

Recycling – to account for monies received for the City’s recycling program used for community improvement, grants and promotion of recycling.

Solid Waste – to account for AB939 fees received for state mandated waste reduction and recycling plans and programs.

LLESS/COPS/CLEEP – to account for federal grant funds for local law enforcement supplemental services, AB3229 funds used for additional law enforcement services and public safety technology equipment.

1972 Act Landscaping and Lighting District – to account for revenues and costs associated with the City’s landscaping and lighting district.

1911 Act Lighting District – to account for revenue and costs associated with a lighting district transferred to the “city-wide” landscape and lighting district from the County in 1995.

Joint Powers Improvement Authority (JPIA) – Portuguese Bend – to account for maintenance and repairs of landslide abatement improvements in the Portuguese Bend Project area.

Habitat Restoration – to account for fees paid by developers for conservation easements to be used exclusively for future habitat restoration efforts on City owned property.

CITY OF RANCHO PALOS VERDES

JUNE 30, 2002

NONMAJOR GOVERNMENTAL FUNDS

Special Revenues Fund Descriptions, Continued

Subregion One Maintenance – to account for monies used to maintain public improvements and habitat areas dedicated to the City upon completion of the Subregion One residential development project.

Abalone Cove Sewer Assessment District – to account for property assessments used to partially pay for operation and maintenance of the Abalone Cove sewer system.

Capital Projects Funds Descriptions

Capital Projects Funds are used to account for financial resources used for the acquisition or construction of major capital facilities.

Bikeways – to account for State funds used for the construction of bikeways and/or pedestrian facilities.

Redevelopment Agency (RDA) – Abalone Cove – to account for landslide abatement in the Abalone Cove Project Area.

Environmental Excise Tax – to account for taxes received in connection with new construction within the City.

Quimby – to account for funds from the payment of fees or the dedication of land for park and recreation purposes.

Affordable Housing – to account for in-lieu fees by developers for the City to construct low and moderate income housing.

Redevelopment Agency (RDA) – Portuguese Bend – to account for monies used for landslide abatement in the Portuguese Bend Project Area.

Utility Undergrounding – to account for the accumulation of monies transferred from the General fund to be used for relocating utility poles and lines on arterial roadways underground, as well as provide residents assistance with utility undergrounding in residential areas of the City.

Roadway Beautification – to account for the accumulation of monies transferred from the General and Recycling funds to be used for landscape improvements along the City's roadways.

Permanent Fund Description

Permanent Funds are used to account for resources legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's programs.

Joint Powers Improvement Authority (JPIA) – Abalone Cove – to account for monies received as part of a July 1991 Reimbursement and Settlement Agreement with the County of Los Angeles. As a part of this agreement the Authority received a \$1,000,000 deposit of nonexpendable principal. The interest earnings are used to pay for maintenance and repair of Abalone Cove landslide abatement improvements.

Return to Menu

CITY OF RANCHO PALOS VERDES

**NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2002**

	Special Revenue Funds		
	Air Quality Management	CDBG	El Prado
ASSETS			
Cash and investments	\$ 19,181		\$ 9,489
Receivable			
Taxes			39
Interest	65		62
Notes			
Other	12,862	\$ 132,008	
Prepaid items		50,420	
Land held for development			
Total Assets	<u>\$ 32,108</u>	<u>\$ 182,428</u>	<u>\$ 9,590</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable and accrued liabilities	56	13,676	14
Due to other funds		169,188	
Retention payable			
Deferred revenue			
Total Liabilities	<u>56</u>	<u>182,864</u>	<u>14</u>
FUND BALANCES			
Reserved for:			
Continuing appropriations			
Reimbursement settlement agreement			
Land development			
Housing set-aside			
Unreserved, reported in:			
Special revenue funds	32,052	(436)	9,576
Capital projects funds			
Permanent funds			
Total Fund Balances	<u>32,052</u>	<u>(436)</u>	<u>9,576</u>
Total Liabilities and Fund Balances	<u>\$ 32,108</u>	<u>\$ 182,428</u>	<u>\$ 9,590</u>

Special Revenue Funds

Redevelopment Agency - Housing Set-Aside	Proposition A	Proposition C	Recycling	Solid Waste
\$ 621,716	\$ 288,568	\$ 287,803	\$ 610,459	\$ 735,473
4,071				
4,517	2,166	7,699	4,615	4,871
79			53,670	23,117
702,392				
<u>\$ 1,332,775</u>	<u>\$ 290,734</u>	<u>\$ 295,502</u>	<u>\$ 668,744</u>	<u>\$ 763,461</u>
	14,196	5	2,101	5,858
-	14,196	5	2,101	5,858
			104,153	2,000
702,392				
630,383				
	276,538	295,497	562,490	755,603
1,332,775	276,538	295,497	666,643	757,603
<u>\$ 1,332,775</u>	<u>\$ 290,734</u>	<u>\$ 295,502</u>	<u>\$ 668,744</u>	<u>\$ 763,461</u>

CITY OF RANCHO PALOS VERDES

**NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2002**

	Special Revenue Funds		
	LLESS/ COPS/CLEEP	1972 Act	1911 Act
ASSETS			
Cash and investments	\$ 187,153	\$ 225,327	\$ 996,242
Receivable			
Taxes		5,603	10,604
Interest	1,293	3,706	6,562
Notes			
Other			
Prepaid items			
Land held for development			
Total Assets	<u>\$ 188,446</u>	<u>\$ 234,636</u>	<u>\$ 1,013,408</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable and accrued liabilities	28,147		22,517
Due to other funds			
Retention payable			
Deferred revenue			
Total Liabilities	<u>28,147</u>	<u>-</u>	<u>22,517</u>
FUND BALANCES			
Reserved for:			
Continuing appropriations	57,769		
Reimbursement settlement agreement			
Land development			
Housing set-aside			
Unreserved, reported in:			
Special revenue funds	102,530	234,636	990,891
Capital projects funds			
Permanent funds			
Total Fund Balances	<u>160,299</u>	<u>234,636</u>	<u>990,891</u>
Total Liabilities and Fund Balances	<u>\$ 188,446</u>	<u>\$ 234,636</u>	<u>\$ 1,013,408</u>

Special Revenue Funds

Joint Powers Improvement Authority - Portuguese Bend	Habitat Restoration	Subregion One Maintenance	Abalone Cove Sewer Assessment District
\$ 179,552	\$ 237,575	\$ 825,835	\$ 46,305
1,295	1,566	5,458	295
			404
<u>\$ 180,847</u>	<u>\$ 239,141</u>	<u>\$ 831,293</u>	<u>\$ 47,004</u>
2,884		1,250	231
<u>2,884</u>		<u>1,250</u>	<u>231</u>
	120,000		40,606
177,963	119,141	830,043	6,167
<u>177,963</u>	<u>239,141</u>	<u>830,043</u>	<u>46,773</u>
<u>\$ 180,847</u>	<u>\$ 239,141</u>	<u>\$ 831,293</u>	<u>\$ 47,004</u>

CITY OF RANCHO PALOS VERDES

**NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2002**

	Capital Projects Funds			
	Bikeways	Redevelopment Agency - Abalone Cove	Environmental Excise Tax	Quimby
ASSETS				
Cash and investments	\$ 12,509	\$ 1,053,541	\$ 654,675	\$ 480,686
Receivable				
Taxes				
Interest	340	1,018	4,328	3,107
Notes				
Other			4,077	
Prepaid items				
Land held for development				
Total Assets	<u><u>\$ 12,849</u></u>	<u><u>\$ 1,054,559</u></u>	<u><u>\$ 663,080</u></u>	<u><u>\$ 483,793</u></u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable and accrued liabilities		48,423		
Due to other funds		938,000		
Retention payable		2,558		
Deferred revenue	12,849			
Total Liabilities	<u>12,849</u>	<u>988,981</u>		
FUND BALANCES				
Reserved for:				
Continuing appropriations				100,825
Reimbursement settlement agreement				
Land development				
Housing set-aside				
Unreserved, reported in:				
Special revenue funds				
Capital projects funds		65,578	663,080	382,968
Permanent funds				
Total Fund Balances		<u>65,578</u>	<u>663,080</u>	<u>483,793</u>
Total Liabilities and Fund Balances	<u><u>\$ 12,849</u></u>	<u><u>\$ 1,054,559</u></u>	<u><u>\$ 663,080</u></u>	<u><u>\$ 483,793</u></u>

Capital Projects Funds				Permanent Fund	Total Non-major Governmental Funds
Affordable Housing	Redevelopment Agency - Portuguese Bend	Utility Undergrounding	Roadway Beautification	Joint Powers Improvement Authority - Abalone Cove	
\$ 974,619	\$ 414,513	\$ 227,099	\$ 298,057	\$ 1,432,983	\$ 10,819,360
					20,317
6,426	3,161	1,310	1,147	10,928	75,935
					226,217
	15,497				65,917
					702,392
<u>\$ 981,045</u>	<u>\$ 433,171</u>	<u>\$ 228,409</u>	<u>299,204</u>	<u>\$ 1,443,911</u>	<u>\$ 11,910,138</u>
	3,346			963	143,667
					1,107,188
					2,558
					12,849
	3,346			963	1,266,262
					425,353
				1,000,000	1,000,000
					702,392
					630,383
					4,392,691
981,045	429,825	228,409	299,204		3,050,109
				442,948	442,948
<u>981,045</u>	<u>429,825</u>	<u>228,409</u>	<u>299,204</u>	<u>1,442,948</u>	<u>10,643,876</u>
<u>\$ 981,045</u>	<u>\$ 433,171</u>	<u>\$ 228,409</u>	<u>\$ 299,204</u>	<u>\$ 1,443,911</u>	<u>\$ 11,910,138</u>

Return to Menu

CITY OF RANCHO PALOS VERDES

NON-MAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2002

	Special Revenue Funds		
	Air Quality Management	CDBG	El Prado
REVENUES			
Taxes	\$ 47,649		\$ 1,161
Use of money and property	203		292
Charges for services			
Revenue from other agencies		\$ 277,360	
Other revenues			
Total Revenues	47,852	277,360	1,453
EXPENDITURES			
Current:			
Public safety			
Public works	43,748	238,591	158
Capital outlay			
Total Expenditures	43,748	238,591	158
Excess (Deficiency) of Revenues Over Over Expenditures	4,104	38,769	1,295
Other Financing Sources (Uses):			
OTHER FINANCING SOURCES			
Transfers in			
Transfers out		(39,205)	
Total Other Financing Sources (Uses)		(39,205)	
Net Change in Fund Balances	4,104	(436)	1,295
FUND BALANCES, Beginning of Year	27,948		8,281
Prior Period Adjustment			
FUND BALANCES, End of Year	\$ 32,052	\$ (436)	\$ 9,576

Special Revenue Funds

Redevelopment Agency - Housing Set-Aside	Proposition A	Proposition C	Recycling	Solid Waste
\$ 125,127	\$ 535,494	\$ 444,153		
19,422	8,340	33,347	\$ 22,027	\$ 24,872
			11,915	85,232
			224,061	14,326
144,549	543,834	477,500	258,003	124,430
1,379	443,440	1,413	129,858	108,594
	13,480			
1,379	456,920	1,413	129,858	108,594
143,170	86,914	476,087	128,145	15,836
	(90,000)	(938,475)	(112,000)	(16,443)
	(90,000)	(938,475)	(112,000)	(16,443)
143,170	(3,086)	(462,388)	16,145	(607)
1,189,605	279,624	757,885	650,498	758,210
\$ 1,332,775	\$ 276,538	\$ 295,497	\$ 666,643	\$ 757,603

CITY OF RANCHO PALOS VERDES

NON-MAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCES (CONTINUED)

YEAR ENDED JUNE 30, 2002

	Special Revenue Funds		
	LLESS/ COPS/CLEEP	1972 Act	1911 Act
REVENUES			
Taxes		\$ 324,015	\$ 322,509
Use of money and property	\$ 8,176	13,686	31,592
Charges for services			
Revenue from other agencies	165,726		
Other revenues			
Total Revenues	173,902	337,701	354,101
EXPENDITURES			
Current:			
Public safety	247,943		
Public works		52,819	291,603
Capital outlay			
Total Expenditures	247,943	52,819	291,603
Excess (Deficiency) of Revenues Over Over Expenditures	(74,041)	284,882	62,498
Other Financing Sources (Uses):			
OTHER FINANCING SOURCES			
Transfers in			
Transfers out		(361,000)	
Total Other Financing Sources (Uses)		(361,000)	
Net Change in Fund Balances	(74,041)	(76,118)	62,498
FUND BALANCES, Beginning of Year	234,340	310,754	928,393
Prior Period Adjustment			
FUND BALANCES, End of Year	\$ 160,299	\$ 234,636	\$ 990,891

Special Revenue Funds			
Joint Powers Improvement Authority - Portuguese Bend	Habitat Restoration	Subregion One Maintenance	Abalone Cove Sewer Assessment District
\$ 5,586	\$ 7,851	\$ 27,371	\$ 20,467 700
5,586	7,851	27,371	21,167
48,724		3,750	9,394
48,724		3,750	9,394
(43,138)	7,851	23,621	11,773
95,000			35,000
95,000			35,000
51,862	7,851	23,621	46,773
126,101	231,290	806,422	
\$ 177,963	\$ 239,141	\$ 830,043	\$ 46,773

CITY OF RANCHO PALOS VERDES

NON-MAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCES (CONTINUED)

YEAR ENDED JUNE 30, 2002

	Capital Projects			
		Redevelopment Agency - Abalone Cove	Environmental Excise Tax	Quimby
	Bikeways			
REVENUES				
Taxes				
Use of money and property	\$ 1,594	\$ 33,844	\$ 21,400	\$ 15,225
Charges for services				
Revenue from other agencies	37,272			
Other revenues			28,400	23,230
Total Revenues	38,866	33,844	49,800	38,455
EXPENDITURES				
Current:				
Public safety				
Public works		242,659		1,118
Capital outlay		1,834,025		
Total Expenditures		2,076,684		1,118
Excess (Deficiency) of Revenues Over Over Expenditures	38,866	(2,042,840)	49,800	37,337
Other Financing Sources (Uses):				
OTHER FINANCING SOURCES				
Transfers in				16,443
Transfers out	(38,874)		(4,976)	(9,465)
Total Other Financing Sources (Uses)	(38,874)		(4,976)	6,978
Net Change in Fund Balances	(8)	(2,042,840)	44,824	44,315
FUND BALANCES, Beginning of Year	8	2,108,418	618,256	439,478
Prior Period Adjustment				
FUND BALANCES, End of Year	\$ -	\$ 65,578	\$ 663,080	\$ 483,793

Capital Projects				Permanent Fund	Total Non-major Governmental Funds
Affordable Housing	Redevelopment Agency - Portuguese Bend	Utility Undergrounding	Roadway Beautification	Joint Powers Improvement Authority - Abalone Cove	
\$ 32,207	\$ 17,355	\$ 3,409	\$ 2,994	\$ 53,563	\$ 1,820,575
					385,056
					85,232
					506,599
	49,177				324,868
32,207	66,532	3,409	2,994	53,563	3,122,330
	151,710		3,790	80,667	247,943
					1,853,415
					1,847,505
	151,710		3,790	80,667	3,948,863
32,207	(85,178)	3,409	(796)	(27,104)	(826,533)
		225,000	300,000		671,443
					(1,610,438)
		225,000	300,000		(938,995)
32,207	(85,178)	228,409	299,204	(27,104)	(1,765,528)
948,838	1,152,698			1,470,052	13,047,099
	(637,695)				(637,695)
\$ 981,045	\$ 429,825	\$ 228,409	\$ 299,204	\$ 1,442,948	\$ 10,643,876

Return to Menu

CITY OF RANCHO PALOS VERDES

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
AIR QUALITY MANAGEMENT SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2002**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
Taxes	\$ 48,000	\$ 48,000	\$ 47,649	\$ (351)
Use of money and property	1,300	1,300	203	(1,097)
Total Revenues	49,300	49,300	47,852	(1,448)
EXPENDITURES				
Current:				
Public works	43,850	43,850	43,748	102
Excess (Deficiency) of Revenues Over Expenditures	5,450	5,450	4,104	(1,346)
Fund Balance, Beginning of Year	27,948	27,948	27,948	
Fund Balance, End of Year	\$ 33,398	\$ 33,398	\$ 32,052	\$ (1,346)

CITY OF RANCHO PALOS VERDES

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2002**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
Revenue from other agencies	\$ 966,481	\$ 966,481	\$ 277,360	\$ (689,121)
EXPENDITURES				
Current:				
Public works	153,000	258,060	238,591	19,469
Capital outlay	774,276			
Total Expenditures	927,276	258,060	238,591	19,469
Excess (Deficiency) of Revenues Over Expenditures	39,205	708,421	38,769	(669,652)
OTHER FINANCING SOURCES (USES)				
Transfers out	(39,205)	(39,205)	(39,205)	
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES		669,216	(436)	(669,652)
Fund Balance, Beginning of Year				
Fund Balance, End of Year	\$ -	\$ 669,216	\$ (436)	\$ (669,652)

Return to Top

CITY OF RANCHO PALOS VERDES

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
EL PRADO SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2002**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
REVENUES				
Taxes	\$ 1,000	\$ 1,000	\$ 1,161	\$ 161
Use of money and property	370	370	292	(78)
Total Revenues	1,370	1,370	1,453	83
EXPENDITURES				
Current:				
Public works	900	900	158	742
Excess (Deficiency) of Revenues Over Expenditures	470	470	1,295	825
Fund Balance, Beginning of Year	8,281	8,281	8,281	
Fund Balance, End of Year	\$ 8,751	\$ 8,751	\$ 9,576	\$ 825

CITY OF RANCHO PALOS VERDES

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
RDA HOUSING SET-ASIDE SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2002**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
Taxes	\$ 113,000	\$ 113,000	\$ 125,127	\$ 12,127
Use of money and property	28,000	28,000	19,422	(8,578)
Total Revenues	141,000	141,000	144,549	3,549
EXPENDITURES				
Current:				
Public works	50,000	50,000	1,379	48,621
Excess (Deficiency) of Revenues Over Expenditures	91,000	91,000	143,170	52,170
Fund Balance, Beginning of Year	1,189,605	1,189,605	1,189,605	
Fund Balance, End of Year	<u>\$ 1,280,605</u>	<u>\$1,280,605</u>	<u>\$ 1,332,775</u>	<u>\$ 52,170</u>

Return to Menu

CITY OF RANCHO PALOS VERDES

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
PROPOSITION A SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2002**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
Taxes	\$ 566,500	\$ 566,500	\$ 535,494	\$ (31,006)
Use of money and property	14,000	14,000	8,340	(5,660)
Total Revenues	580,500	580,500	543,834	(36,666)
EXPENDITURES				
Current:				
Public works	486,443	486,443	443,440	43,003
Capital outlay	12,000	24,000	13,480	10,520
Total Expenditures	498,443	510,443	456,920	53,523
Excess (Deficiency) of Revenues Over Expenditures	82,057	70,057	86,914	16,857
OTHER FINANCING SOURCES (USES)				
Transfers out		(90,000)	(90,000)	
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	82,057	(19,943)	(3,086)	16,857
Fund Balance, Beginning of Year	279,624	279,624	279,624	
Fund Balance, End of Year	\$ 361,681	\$ 259,681	\$ 276,538	\$ 16,857

Return to Menu

CITY OF RANCHO PALOS VERDES

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
PROPOSITION C SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2002**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
Taxes	\$ 472,500	\$ 472,500	\$ 444,153	\$ (28,347)
Use of money and property	12,000	12,000	33,347	21,347
Total Revenues	484,500	484,500	477,500	(7,000)
EXPENDITURES				
Current:				
Public works	3,170	3,170	1,413	1,757
Excess (Deficiency) of Revenues Over Expenditures	481,330	481,330	476,087	(5,243)
OTHER FINANCING SOURCES (USES)				
Transfers out	(872,000)	(1,274,665)	(938,475)	336,190
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(390,670)	(793,335)	(462,388)	330,947
Fund Balance, Beginning of Year	757,885	757,885	757,885	
Fund Balance, End of Year	\$ 367,215	\$ (35,450)	\$ 295,497	\$ 330,947

CITY OF RANCHO PALOS VERDES

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
RECYCLING SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2002**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
REVENUES				
Use of money and property	\$ 22,700	\$ 22,700	\$ 22,027	\$ (673)
Revenue from other agencies	43,900	43,900	11,915	(31,985)
Other revenues	80,000	80,000	224,061	144,061
Total Revenues	146,600	146,600	258,003	111,403
EXPENDITURES				
Current:				
Public works	102,980	129,858	129,858	
Excess (Deficiency) of Revenues Over Expenditures	43,620	16,742	128,145	111,403
OTHER FINANCING SOURCES (USES)				
Transfers out	(112,000)	(112,000)	(112,000)	
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(68,380)	(95,258)	16,145	111,403
Fund Balance, Beginning of Year	650,498	650,498	650,498	
Fund Balance, End of Year	\$ 582,118	\$ 555,240	\$ 666,643	\$ 111,403

Return to Menu

CITY OF RANCHO PALOS VERDES

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SOLID WASTE SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2002**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
REVENUES				
Use of money and property	\$ 36,000	\$ 36,000	\$ 24,872	\$ (11,128)
Charges for services	72,600	72,600	85,232	12,632
Revenue from other agencies	14,210	14,210	14,326	116
Total Revenues	122,810	122,810	124,430	1,620
EXPENDITURES				
Current:				
Public works	103,490	117,890	108,594	9,296
Excess (Deficiency) of Revenues Over Expenditures	19,320	4,920	15,836	10,916
OTHER FINANCING SOURCES (USES)				
Transfers out		(16,443)	(16,443)	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	19,320	(11,523)	(607)	10,916
Fund Balance, Beginning of Year	758,210	758,210	758,210	
Fund Balance, End of Year	\$ 777,530	\$ 746,687	\$ 757,603	\$ 10,916

CITY OF RANCHO PALOS VERDES

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
LLESS/COPS/CLEEP SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2002**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Use of money and property	\$ 9,100	\$ 9,100	\$ 8,176	\$ (924)
Revenue from other agencies	119,500	119,500	165,726	46,226
Total Revenues	128,600	128,600	173,902	45,302
EXPENDITURES				
Current:				
Public safety	229,013	248,269	247,943	326
Excess (Deficiency) of Revenues Over Expenditures	(100,413)	(119,669)	(74,041)	45,628
Fund Balance, Beginning of Year	234,340	234,340	234,340	
Fund Balance, End of Year	\$ 133,927	\$ 114,671	\$ 160,299	\$ 45,628

CITY OF RANCHO PALOS VERDES

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
1972 ACT SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2002**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
REVENUES				
Taxes	\$ 315,500	\$ 315,500	\$ 324,015	\$ 8,515
Use of money and property	15,000	15,000	13,686	(1,314)
Total Revenues	330,500	330,500	337,701	7,201
EXPENDITURES				
Current:				
Public works	59,100	59,100	52,819	6,281
Excess (Deficiency) of Revenues Over Expenditures	271,400	271,400	284,882	13,482
OTHER FINANCING SOURCES (USES)				
Transfers out	(361,000)	(361,000)	(361,000)	
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(89,600)	(89,600)	(76,118)	13,482
Fund Balance, Beginning of Year	310,754	310,754	310,754	
Fund Balance, End of Year	\$ 221,154	\$ 221,154	\$ 234,636	\$ 13,482

CITY OF RANCHO PALOS VERDES

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
1911 ACT SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2002**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
Taxes	\$ 292,500	\$ 292,500	\$ 322,509	\$ 30,009
Use of money and property	45,000	45,000	31,592	(13,408)
Total Revenues	337,500	337,500	354,101	16,601
EXPENDITURES				
Current:				
Public works	340,000	340,000	291,603	48,397
Excess (Deficiency) of Revenues Over Expenditures	(2,500)	(2,500)	62,498	64,998
Fund Balance, Beginning of Year	928,393	928,393	928,393	
Fund Balance, End of Year	\$ 925,893	\$ 925,893	\$ 990,891	\$ 64,998

[Return to Menu](#)

CITY OF RANCHO PALOS VERDES

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
JPIA - PORTUGUESE BEND SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2002**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
Use of money and property	\$ 6,000	\$ 6,000	\$ 5,586	\$ (414)
EXPENDITURES				
Current:				
Maintenance	99,100	99,100	48,724	50,376
Excess (Deficiency) of Revenues Over Expenditures	(93,100)	(93,100)	(43,138)	49,962
OTHER FINANCING SOURCES (USES)				
Transfers in	95,000	95,000	95,000	
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	1,900	1,900	51,862	49,962
Fund Balance, Beginning of Year	126,101	126,101	126,101	
Fund Balance, End of Year	\$ 128,001	\$ 128,001	\$ 177,963	\$ 49,962

Return to Menu

CITY OF RANCHO PALOS VERDES

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
HABITAT RESTORATION SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2002**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
Use of money and property	\$ 10,800	\$ 10,800	\$ 7,851	\$ (2,949)
Other revenues	41,260	41,260		(41,260)
Total Revenues	52,060	52,060	7,851	(44,209)
EXPENDITURES				
Capital outlay	120,000			
Excess (Deficiency) of Revenues Over Expenditures	(67,940)	52,060	7,851	(44,209)
Fund Balance, Beginning of Year	231,290	231,290	231,290	
Fund Balance, End of Year	\$ 163,350	\$ 283,350	\$ 239,141	\$ (44,209)

CITY OF RANCHO PALOS VERDES

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SUBREGION ONE MAINTENANCE SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2002**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
Use of money and property	\$ 39,200	\$ 39,200	\$ 27,371	\$ (11,829)
EXPENDITURES				
Current:				
Public works	39,500	39,500	3,750	35,750
Excess (Deficiency) of Revenues Over Expenditures	(300)	(300)	23,621	23,921
Fund Balance, Beginning of Year	806,422	806,422	806,422	
Fund Balance, End of Year	<u>\$ 806,122</u>	<u>\$ 806,122</u>	<u>\$ 830,043</u>	<u>\$ 23,921</u>

[Return to Menu](#)

CITY OF RANCHO PALOS VERDES

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ABALONE COVE SEWER ASSESSMENT DISTRICT SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2002**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
Taxes	\$ 20,000	\$ 20,000	\$ 20,467	\$ 467
Use of money and property	250	250	700	450
Total Revenues	20,250	20,250	21,167	917
EXPENDITURES				
Current:				
Public works	50,000	9,394	9,394	
Excess (Deficiency) of Revenues Over Expenditures	(29,750)	10,856	11,773	917
OTHER FINANCING SOURCES (USES)				
Transfers in	35,000	35,000	35,000	
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	5,250	45,856	46,773	917
Fund Balance, Beginning of Year				
Fund Balance, End of Year	\$ 5,250	\$ 45,856	\$ 46,773	\$ 917

CITY OF RANCHO PALOS VERDES

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
BIKEWAYS CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2002**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Use of money and property			\$ 1,594	\$ 1,594
Revenue from other agencies	\$ 16,000	\$ 16,000	37,272	21,272
Total Revenues	16,000	16,000	38,866	22,866
Excess (Deficiency) of Revenues Over Expenditures	16,000	16,000	38,866	22,866
OTHER FINANCING SOURCES (USES)				
Transfers out	(16,000)	(51,000)	(38,874)	12,126
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES		(35,000)	(8)	34,992
Fund Balance, Beginning of Year	8	8	8	
Fund Balance, End of Year	\$ 8	\$(34,992)	\$ -	\$ 34,992

Return to Menu

CITY OF RANCHO PALOS VERDES

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
RDA ABALONE COVE CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2002**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
Use of money and property	\$ 10,000	\$ 10,000	\$ 33,844	\$ 23,844
EXPENDITURES				
Current:				
Public works	232,250	166,672	242,659	(75,987)
Capital outlay		1,918,075	1,834,025	84,050
Total Expenditures	232,250	2,084,747	2,076,684	8,063
Excess (Deficiency) of Revenues Over Expenditures	(222,250)	(2,074,747)	(2,042,840)	31,907
Fund Balance, Beginning of Year	2,108,418	2,108,418	2,108,418	
Fund Balance, End of Year	\$1,886,168	\$ 33,671	\$ 65,578	\$ 31,907

CITY OF RANCHO PALOS VERDES

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ENVIRONMENTAL EXCISE TAX CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2002**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
Use of money and property	\$ 22,300	\$ 22,300	\$ 21,400	\$ (900)
Other revenues	133,000	133,000	28,400	(104,600)
Total Revenues	155,300	155,300	49,800	(105,500)
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,026,200)	(1,026,200)	(4,976)	1,021,224
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(870,900)	(870,900)	44,824	915,724
Fund Balance, Beginning of Year	618,256	618,256	618,256	
Fund Balance, End of Year	<u>\$ (252,644)</u>	<u>\$ (252,644)</u>	<u>\$ 663,080</u>	<u>\$ 915,724</u>

CITY OF RANCHO PALOS VERDES

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
QUIMBY CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2002**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
REVENUES				
Use of money and property	\$ 12,900	\$ 12,900	\$ 15,225	\$ 2,325
Other revenues	25,000	25,000	23,230	(1,770)
Total Revenues	37,900	37,900	38,455	555
EXPENDITURES				
Current:				
Public works	6,000	1,000	1,118	(118)
Capital outlay	50,000	118		118
Total Expenditures	56,000	1,118	1,118	
Excess (Deficiency) of Revenues Over Expenditures	(18,100)	36,782	37,337	555
OTHER FINANCING SOURCES (USES)				
Transfers in		16,443	16,443	
Transfers out	(282,900)	(292,365)	(9,465)	282,900
Total Other Financing Sources (Uses)	(282,900)	(275,922)	6,978	282,900
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(301,000)	(239,140)	44,315	283,455
Fund Balance, Beginning of Year	439,478	439,478	439,478	
Fund Balance, End of Year	\$ 138,478	\$ 200,338	\$ 483,793	\$ 283,455

Return to Menu

CITY OF RANCHO PALOS VERDES

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
AFFORDABLE HOUSING CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2002**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
Use of money and property	\$ 48,700	\$ 48,700	\$ 32,207	\$ (16,493)
Other revenues	50,000	50,000		(50,000)
Total Revenues	98,700	98,700	32,207	(66,493)
Excess (Deficiency) of Revenues Over Expenditures	98,700	98,700	32,207	(66,493)
Fund Balance, Beginning of Year	948,838	948,838	948,838	
Fund Balance, End of Year	<u>\$ 1,047,538</u>	<u>\$ 1,047,538</u>	<u>\$ 981,045</u>	<u>\$ (66,493)</u>

Return to Menu

CITY OF RANCHO PALOS VERDES

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
RDA PORTUGUESE BEND CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2002**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
Use of money and property	\$ 20,000	\$ 20,000	\$ 17,355	\$ (2,645)
Other revenues	10,300	10,300	49,177	38,877
Total Revenues	30,300	30,300	66,532	36,232
EXPENDITURES				
Current:				
Public works	115,010	115,010	151,710	(36,700)
Capital outlay	25,000	25,000		25,000
Total Expenditures	140,010	140,010	151,710	(11,700)
Excess (Deficiency) of Revenues Over Expenditures	(109,710)	(109,710)	(85,178)	24,532
Fund Balance, Beginning of Year	1,152,698	1,152,698	1,152,698	
Prior Period Adjustment			(637,695)	
Fund Balance, End of Year	\$ 1,042,988	\$ 1,042,988	\$ 429,825	\$ 24,532

Return to Menu

CITY OF RANCHO PALOS VERDES

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
UTILITY UNDERGROUNDING CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2002**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
Use of money and property	\$ 5,600	\$ 5,600	\$ 3,409	\$ (2,191)
EXPENDITURES				
Current:				
Public works	20,000	20,000		20,000
Excess (Deficiency) of Revenues Over Expenditures	(14,400)	(14,400)	3,409	17,809
OTHER FINANCING SOURCES (USES)				
Transfers in	225,000	225,000	225,000	
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	210,600	210,600	228,409	17,809
Fund Balance, Beginning of Year				
Fund Balance, End of Year	\$ 210,600	\$ 210,600	\$ 228,409	\$ 17,809

CITY OF RANCHO PALOS VERDES

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ROADWAY BEAUTIFICATION CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2002**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
Use of money and property	\$ 6,000	\$ 6,000	\$ 2,994	\$ (3,006)
EXPENDITURES				
Current:				
Public works	15,000	15,000	3,790	11,210
Capital outlay	85,000	85,000		85,000
Total Expenditures	100,000	100,000	3,790	96,210
Excess (Deficiency) of Revenues Over Expenditures	(94,000)	(94,000)	(796)	93,204
OTHER FINANCING SOURCES (USES)				
Transfers in	300,000	300,000	300,000	
Total Other Financing Sources (Uses)	300,000	300,000	300,000	
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	206,000	206,000	299,204	93,204
Fund Balance, Beginning of Year				
Fund Balance, End of Year	\$ 206,000	\$ 206,000	\$ 299,204	\$ 93,204

CITY OF RANCHO PALOS VERDES

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
JPIA - ABALONE COVE PERMANENT FUND
FOR THE YEAR ENDED JUNE 30, 2002**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
Use of money and property	\$ 68,000	\$ 68,000	\$ 53,563	\$ (14,437)
EXPENDITURES				
Current:				
Public works	103,700	97,700	80,667	17,033
Excess (Deficiency) of Revenues Over Expenditures	(35,700)	(29,700)	(27,104)	2,596
Fund Balance, Beginning of Year	1,470,052	1,470,052	1,470,052	
Fund Balance, End of Year	<u>\$ 1,434,352</u>	<u>\$ 1,440,352</u>	<u>\$ 1,442,948</u>	<u>\$ 2,596</u>

CITY OF RANCHO PALOS VERDES

JUNE 30, 2002

INTERNAL SERVICE FUNDS DESCRIPTIONS

The Internal Service Funds are used to finance and account for goods and services provided by one City department to other City departments on a cost-reimbursement basis, including depreciation.

Equipment Replacement – to account for the purchase and maintenance of certain equipment on behalf of all City departments.

Building Replacement – to account for the accumulation of funds transferred from the General Fund for replacement of certain buildings on behalf of the City.

Employee Benefits – to account for employee benefit costs on behalf of all City departments.

[Return to Menu](#)

CITY OF RANCHO PALOS VERDES

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF NET ASSETS

JUNE 30, 2002

	<u>Equipment Replacement</u>	<u>Building Replacement</u>	<u>Employee Benefits</u>	<u>Total</u>
ASSETS				
Current Assets				
Cash and investments	\$ 2,204,921	\$ 1,531,099	\$ 47,271	\$ 3,783,291
Receivables				
Interest	14,450	10,095	661	25,206
Other			1,465	1,465
Prepaid items	<u>194</u>		<u>48,844</u>	<u>49,038</u>
Total Current Assets	<u>2,219,565</u>	<u>1,541,194</u>	<u>98,241</u>	<u>3,859,000</u>
Noncurrent Assets				
Capital assets				
Property and equipment	692,011			692,011
Accumulated depreciation	<u>(517,288)</u>			<u>(517,288)</u>
Total Assets	<u>2,394,288</u>	<u>1,541,194</u>	<u>98,241</u>	<u>4,033,723</u>
LIABILITIES				
Current Liabilities				
Accounts payable and accrued liabilities	<u>43,107</u>		<u>6,355</u>	<u>49,462</u>
Total Liabilities	<u>43,107</u>		<u>6,355</u>	<u>49,462</u>
NET ASSETS				
Invested in capital assets	174,723			174,723
Unrestricted	<u>2,176,458</u>	<u>1,541,194</u>	<u>91,886</u>	<u>3,809,538</u>
Total Net Assets	<u>\$ 2,351,181</u>	<u>\$ 1,541,194</u>	<u>\$ 91,886</u>	<u>\$ 3,984,261</u>

Return to Menu

CITY OF RANCHO PALOS VERDES

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2002**

	<u>Equipment Replacement</u>	<u>Building Replacement</u>	<u>Employee Benefits</u>	<u>Total</u>
OPERATING REVENUES				
Charges for services	<u>\$ 414,179</u>	<u></u>	<u>\$ 527,560</u>	<u>\$ 941,739</u>
Total Operating Revenues	<u>414,179</u>	<u></u>	<u>527,560</u>	<u>941,739</u>
OPERATING EXPENSES				
Personnel services			479,994	479,994
Material and supplies	244,692			244,692
Maintenance	40,220			40,220
Depreciation	<u>58,877</u>	<u></u>	<u></u>	<u>58,877</u>
Total Operating Expenses	<u>343,789</u>	<u></u>	<u>479,994</u>	<u>823,783</u>
Operating Income (Loss)	<u>70,390</u>	<u></u>	<u>47,566</u>	<u>117,956</u>
NONOPERATING REVENUES				
Interest income	71,116	\$ 49,737	2,109	122,962
Gain (Loss) on Asset Disposal	<u>(187,886)</u>	<u></u>	<u></u>	<u>(187,886)</u>
Total Operating Expenses	<u>(116,770)</u>	<u>49,737</u>	<u>2,109</u>	<u>(64,924)</u>
Income (Loss) Before Transfers	<u>(46,380)</u>	<u>49,737</u>	<u>49,675</u>	<u>53,032</u>
TRANSFERS IN	<u>82,600</u>	<u>500,000</u>	<u></u>	<u>582,600</u>
Change in Net Assets	36,220	549,737	49,675	635,632
Net Assets, Beginning of Year	<u>2,314,961</u>	<u>991,457</u>	<u>42,211</u>	<u>3,348,629</u>
Net Assets, Ending of Year	<u>\$ 2,351,181</u>	<u>\$ 1,541,194</u>	<u>\$ 91,886</u>	<u>\$ 3,984,261</u>

CITY OF RANCHO PALOS VERDES

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

	<u>Equipment Replacement</u>	<u>Building Replacement</u>	<u>Employee Benefits</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 439,179		\$ 526,207	\$ 965,386
Payments to suppliers	(293,248)	\$ (839)	(467,067)	(761,154)
Internal activity - payments from other funds			(13,972)	(13,972)
	<u>145,931</u>	<u>(839)</u>	<u>45,168</u>	<u>190,260</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	<u>(91,251)</u>			<u>(91,251)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating transfer in	<u>82,600</u>	<u>500,000</u>		<u>582,600</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received on investments	<u>81,007</u>	<u>52,270</u>	<u>2,103</u>	<u>135,380</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>218,287</u>	<u>551,431</u>	<u>47,271</u>	<u>816,989</u>
CASH AND CASH EQUIVALENTS, Beginning of Year	<u>1,986,634</u>	<u>979,668</u>		<u>2,966,302</u>
CASH AND CASH EQUIVALENTS, End of Year	<u><u>\$ 2,204,921</u></u>	<u><u>\$ 1,531,099</u></u>	<u><u>\$ 47,271</u></u>	<u><u>\$ 3,783,291</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 70,390		\$ 47,566	\$ 117,956
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	58,877			58,877
(Increase) decrease in other receivables	25,000		(1,353)	23,647
(Increase) decrease in prepaid items	(194)		8,372	8,178
Increase (decrease) in due to other funds			(13,972)	(13,972)
Increase (decrease) in accounts payable and accrued liabilities	<u>(8,142)</u>	<u>\$ (839)</u>	<u>4,555</u>	<u>(4,426)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>\$ 145,931</u></u>	<u><u>\$ (839)</u></u>	<u><u>\$ 45,168</u></u>	<u><u>\$ 190,260</u></u>

STATISTICAL SECTION

CITY OF RANCHO PALOS VERDES

**GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION*
LAST TEN FISCAL YEARS**

Fiscal Year	General Government	Public Safety	Public Works	Parks and Recreation	Planning, Code Enforcement & Building	Capital Outlay	Debt Service	Totals
1993	\$ 1,209,713	\$ 2,340,141	\$ 2,495,831	\$ 838,901	\$ 904,487	\$ 117,770	---	\$7,906,843
1994	1,388,019	2,437,018	2,891,418	475,036	937,581	1,563,682	---	\$9,692,754
1995	1,497,317	2,539,329	3,166,876	489,834	1,031,028	1,623,833	---	\$10,348,217
1996	1,545,955	2,609,804	3,638,583	543,602	1,148,340	1,129,275	---	\$10,615,559
1997	1,588,565	2,637,280	3,856,324	550,722	1,360,468	8,885,989	---	\$18,879,348
1998	1,659,753	2,533,309	4,079,842	710,477	1,558,511	3,974,928	---	\$14,516,820
1999	1,679,549	2,658,145	3,942,290	633,292	1,882,051	3,116,632	---	\$13,911,959
2000	1,836,468	2,662,096	5,864,072	597,045	1,646,824	2,110,309	---	\$14,716,814
2001	2,388,727	2,732,579	3,616,253	596,185	1,778,319	4,227,852	---	\$15,339,915
2002	2,939,097	2,898,265	3,855,747	668,938	1,950,504	9,441,273	---	\$21,753,824

* Includes all governmental fund types, excluding activity of the Redevelopment Agency and Improvement Authority.

CITY OF RANCHO PALOS VERDES

GENERAL GOVERNMENTAL REVENUES BY SOURCE* LAST TEN FISCAL YEARS

Fiscal Year	Taxes	Fees and Permits	Fines and Forfeitures	Use of Money and Property	Charges for Services	Revenues From Other Agencies	Other Revenues	Totals
1993	\$ 5,129,043	\$ 712,910	\$ 108,343	\$ 629,346	\$ 668,190	\$ 2,286,067	\$ 755,684	\$10,289,583
1994	6,201,116	676,872	98,067	675,856	317,668	3,299,943	151,528	\$11,421,050
1995	7,310,905	825,680	89,494	819,185	285,235	2,754,149	326,863	\$12,411,511
1996	8,321,970	689,077	85,790	960,071	297,124	2,558,842	359,737	\$13,272,611
1997	8,432,900	798,168	93,076	1,145,664	336,634	10,673,669	513,625	\$21,993,736
1998	8,449,951	890,269	114,409	1,239,537	175,418	4,899,646	640,609	\$16,409,839
1999	8,539,047	1,292,498	140,089	1,177,539	217,699	4,340,676	518,009	\$16,225,557
2000	9,022,637	1,089,720	156,730	1,314,901	203,691	3,654,695	1,875,671	\$17,318,045
2001	9,391,699	1,530,425	139,694	1,602,638	196,730	4,816,266	866,621	\$18,544,073
2002	9,723,259	1,589,701	116,598	987,793	217,387	8,170,513	513,512	\$21,318,763

* Includes all governmental fund types, excluding activity of Redevelopment Agency and Improvement Authority.

CITY OF RANCHO PALOS VERDES

**PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Current Levy</u>	<u>Current Collection</u>	<u>Percent Collected</u>
1992-1993	\$ 1,433,448	\$ 1,391,542	97.08%
1993-1994	1,730,785	1,658,420	95.82%
1994-1995	2,218,369	2,147,249	96.79%
1995-1996	2,700,133	2,571,526	95.24%
1996-1997	2,708,114	2,651,513	97.91%
1997-1998	2,731,834	2,664,833	97.55%
1998-1999	2,877,987	2,770,246	96.26%
1999-2000	3,123,218	3,048,626	97.61%
2000-2001	3,352,310	3,233,833	96.47%
2001-2002	3,567,276	3,451,599	96.76%

Source: City Public Works and Finance Departments.

[Return to Menu](#)

CITY OF RANCHO PALOS VERDES**ASSESSED VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS**

Fiscal Year	Secured Value	Public Utility	Unsecured Value	Subtotal	Homeowners Exemption	Net Assessed Value	Percent Increase
1993	\$ 4,110,990,215	\$ 70,000	\$ 13,538,218	\$ 4,124,598,433	\$ 74,929,129	\$ 4,049,669,304	8.38%
1994	4,142,760,058	210,000	12,641,931	4,155,611,989	77,423,929	4,078,188,060	0.70%
1995	4,277,717,064	210,000	12,448,590	4,290,375,654	79,193,508	4,211,182,146	3.26%
1996	4,316,092,536	210,000	15,334,559	4,331,637,095	79,614,908	4,252,022,187	0.97%
1997	4,354,282,854	210,000	14,956,195	4,369,449,049	79,417,508	4,290,031,541	0.89%
1998	4,414,137,301	975,785	14,526,105	4,429,639,191	79,074,508	4,350,564,683	1.41%
1999	4,666,924,997	975,785	22,058,574	4,689,959,356	78,654,508	4,611,304,848	5.99%
2000	5,121,424,832	975,785	16,961,594	5,139,362,211	78,055,228	5,061,306,983	9.76%
2001	5,420,734,560	1,023,567	18,422,700	5,440,180,827	77,799,028	5,362,381,799	5.95%
2002	5,758,506,586	947,258	19,641,491	5,779,095,335	77,157,828	5,701,937,507	6.33%

Source: HdL Companies.

[Return to Menu](#)

CITY OF RANCHO PALOS VERDES**PROPERTY TAX RATES - ALL OVERLAPPING GOVERNMENTS
(PER \$100 OF ASSESSED VALUATION)****LAST TEN FISCAL YEARS**

Fiscal Year	Basic County Levy	School District	Flood Control	Metropolitan Water District	Library District	County	Totals
1993	1.0000%	0.0004%	0.0034%	0.0089%	0.0287%	0.0014%	1.0428%
1994	1.0000%	0.0004%	0.0042%	0.0089%	0.0140%	0.0017%	1.0292%
1995	1.0000%	---	0.0060%	0.0089%	0.0042%	0.0020%	1.0211%
1996	1.0000%	---	0.0010%	0.0089%	0.0150%	0.0018%	1.0267%
1997	1.0000%	---	0.0020%	0.0089%	0.0150%	0.0016%	1.0275%
1998	1.0000%	---	0.0022%	0.0089%	0.0148%	0.0016%	1.0275%
1999	1.0000%	---	0.0020%	0.0089%	0.0114%	0.0015%	1.0237%
2000	1.0000%	---	0.0018%	0.0089%	0.0113%	0.0014%	1.0234%
2001	1.0000%	---	0.0016%	0.0088%	0.0114%	0.0013%	1.0230%
2002	1.0000%	---	0.0005%	0.0077%	0.0096%	0.0011%	1.0189%

Note: The state constitutional amendment Proposition 13 provided that the tax rate be limited to 1% of market value, levied only by the County and shared with all other jurisdictions. All other jurisdictions and the County can levy a tax rate for voter approved debt.

CITY OF RANCHO PALOS VERDES**PRINCIPAL TAXPAYERS****JUNE 30, 2002**

Taxpayer	Type of Business	2002 Assessed Valuation	Percentage of Total Assessed Valuation
Ocean Trails Limited Partnership	Golf Course/Residential	\$ 61,098,324	1.07%
P.V. Victoria Apartments	Apartment	40,015,225	0.70%
Connecticut General Life	Commercial/Residential	27,538,295	0.48%
RPV Associates	Residential Development	24,561,517	0.43%
Western Riviera Investors	Apartment	24,367,914	0.43%
York Long Point Associates	Commercial/Residential	21,578,933	0.38%
Top Teachers, Inc.	Commercial Shopping Center	16,595,400	0.29%
Salvation Army	Institutional/Commercial	13,670,449	0.24%
American Golf, Inc.	Golf Course	13,630,592	0.24%
Theodore Gardner II	Apartment	13,263,489	0.23%
TOTAL TOP TEN		<u>\$ 256,320,138</u>	<u>4.49%</u>

CITY OF RANCHO PALOS VERDES

SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS

LAST TEN FISCAL YEARS

Fiscal Year	Special Assessment Billings	Special Assessments Collected	Percent of Levy Collected
1993	\$ 840,616	\$ 807,798	96.1%
1994	816,170	816,339	100.0%
1995	811,651	796,924	98.2%
1996	809,208	788,919	97.5%
1997	756,438	741,261	98.0%
1998	374,483	368,652	98.4%
1999	325,130	333,455	102.6%
2000	326,425	327,423	100.3%
2001	326,396	325,337	99.7%
2002	327,460	324,016	98.9%

Source: City Public Works and Finance Departments.

[Return to Menu](#)

CITY OF RANCHO PALOS VERDES

COMPUTATION OF LEGAL DEBT MARGIN

AS OF JUNE 30, 2002

Net Assessed Value	\$ 5,701,937,507
Debt limit - 15% of assessed value	\$ 855,290,626
Amount of debt applicable to debt limit	---
Legal debt margin	\$ 855,290,626

Note: Section 43605 of the Government Code of the State of California limits the amount of indebtedness for public improvements to 15% of the assessed valuation of all real personal property in the City.

The City of Rancho Palos Verdes has no general bonded indebtedness.

CITY OF RANCHO PALOS VERDES**STATEMENT OF DIRECT AND OVERLAPPING DEBT****AS OF JUNE 30, 2002**

	<u>Percent Applicable</u>	<u>Bonded Debt June 30, 2002</u>
DIRECT AND OVERLAPPING BONDED DEBT:		
Los Angeles County Detention Facilities	1.013%	\$ 369,931
Los Angeles County Flood Control Storm Drain Bonds	1.029%	141,143
Flood Control Refunding Bonds 1993	1.029%	174,628
Palos Verdes Library District Refund Series 1998	49.463%	6,516,741
West Basin Metropolitan Water District *	1.087%	5,466,481
Los Angeles City Community College 2001 Series A	1.800%	9,448,149
Los Angeles Unified School District 1997 Series A	0.218%	709,448
Los Angeles Unified School District 1997 Series B	0.218%	510,975
Los Angeles Unified School District 1997 Series C	0.218%	468,856
Los Angeles Unified School District 1997 Series D	0.218%	599,952
Los Angeles Unified School District 1997 Series E	0.218%	1,092,013
Palos Verdes Peninsula USD Series 2000 A	46.854%	<u>9,422,264</u>
TOTAL DIRECT AND OVERLAPPING BONDED DEBT		\$ 34,920,581 (1)

(1) Excludes revenue, mortgage revenue, tax allocation bonds, interim financing obligations, non-bonded capital lease obligations, and certificates of participation.

Debt to Assessed Valuation Ratios:

Direct Debt	0.00%
Overlapping Debt	0.62%
Total Debt	0.62%

* This debt is a portion of a larger agency, which is responsible for debt in areas outside the City.

CITY OF RANCHO PALOS VERDES

DEMOGRAPHIC STATISTICS

LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Population</u>	<u>Housing Units</u>
1993	42,050	15,586
1994	42,000	15,581
1995	42,089	15,588
1996	42,670	15,610
1997	43,155	15,623
1998	43,657	15,652
1999	44,345	15,683
2000	44,933	15,706
2001	41,145	15,753
2002	42,002	15,762

Source: CA Department of Finance and the City Planning, Building and Code Enforcement Department.

[Return to Menu](#)

CITY OF RANCHO PALOS VERDES**DEMOGRAPHIC STATISTICS****2000 CENSUS DATA****Population distribution by ethnic group:**

	Individuals	Percent
White	27,660	67.22%
Asian	10,676	25.95%
Black or African American	815	1.98%
American Indian/Alaska Native	62	0.15%
Other	1,932	4.70%
Total	41,145	100.00%

Population distribution by age:

	Individuals	Percent
0-9 years	4,732	11.50%
10-19 years	5,436	13.21%
20-34 years	4,067	9.88%
35-44 years	6,584	16.00%
45-54 years	6,789	16.50%
55-64 years	5,837	14.19%
65-74 years	4,574	11.12%
75+ years	3,126	7.60%
Total	41,145	100.00%

Household by type:

Household type:	Number of households	Percent
Family - Married Couple	6,423	42.10%
Family - Married Couple with children under 18	4,375	28.68%
Family - Single Parent	830	5.44%
Family - Single Parent with children under 18	595	3.90%
Non Family	464	3.04%
Householder living alone	2,569	16.84%
Total	15,256	100.00%

Housing Tenure:

	Units	Percent
Owner-occupied	12,456	81.65%
Renter-occupied	2,800	18.35%
Total	15,256	100.00%

Source: U.S. Bureau of the Census.

[Return to Menu](#)

CITY OF RANCHO PALOS VERDES**BUILDING PERMITS AND PROPERTY VALUE****LAST TEN FISCAL YEARS**

Fiscal Year	Total Construction		New Residential Construction		Bank Deposits
	Number of Permits	Property Value	Number of Units	Property Value	
1993	1,217	\$ 16,380,075	4	\$ 2,214,000	\$ 134,150,000
1994	1,158	16,174,450	11	4,589,000	103,983,000
1995	1,269	24,004,600	25	10,805,000	113,023,000
1996	1,356	19,993,784	19	8,572,000	193,339,000
1997	1,389	20,897,000	23	9,766,000	139,282,000
1998	2,373	25,799,345	31	11,948,000	170,584,000
1999	3,129	65,373,000	96	43,200,000	198,802,000
2000	2,544	41,403,218	39	24,949,630	202,839,000
2001	2,468	22,685,411	9	4,677,000	207,807,000
2002	1,319	20,363,386	10	4,387,828	* *

** Data regarding bank deposits within the City of Rancho Palos Verdes for the fiscal year ended June 30, 2002 is not currently available.

Source: City Planning, Building and Code Enforcement Department and State Banking Department.

[Return to Menu](#)

CITY OF RANCHO PALOS VERDES

MISCELLANEOUS STATISTICS

AS OF JUNE 30, 2002

Date of Incorporation	September 7, 1973
Form of Government	Council/Manager
Area	13.6 square miles
Coastline	7.5 miles
Contract Services:	
Police Protection	Los Angeles County Sheriff
Fire Protection	Los Angeles County Fire Protection District
Sewers	Los Angeles County Sanitation District #5
Utilities:	
Water	California Water Service Company
Gas	Southern California Gas Company
Electricity	Southern California Edison
Telephone	Verizon, Pacific Bell
City Facilities:	
Streets	143 miles
Parks	14 with 514 acres
Employees (Full-Time)	42